

---

Confidential Private Placement Memorandum

March 24, 2005

Limited Liability Company Interests

Trouble with Cali, L.L.C. for Film Financing

---

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS INTERESTED IN PURCHASING THE LIMITED LIABILITY COMPANY INTEREST DESCRIBED IN THIS MEMORANDUM. ANY PROSPECTIVE INVESTOR, BY ACCEPTING THIS MEMORANDUM, AGREES (1) NOT TO REPRODUCE OR DISTRIBUTE THIS MEMORANDUM, IN WHOLE OR IN PART, OR DIVULGE ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGING MEMBER, AND (2) TO RETURN THIS MEMORANDUM AND ALL RELATED DOCUMENTATION PROVIDED THERETO THE MANAGING MEMBER IN THE EVENT SUCH PROSPECTIVE INVESTOR'S OFFER IS REJECTED BY THE MANAGING MEMBER OR IN THE EVENT SUCH PROSPECTIVE INVESTOR ELECTS NOT TO PURCHASE COMPANY INTERESTS DESCRIBED HEREIN.

Submitted To: \_\_\_\_\_  
Copy Number: \_\_\_\_\_

**TABLE OF CONTENTS**

|  |    |
|--|----|
| <b><u>Summary</u></b> .....  | 4  |
| <b><u>The Offering</u></b> .....   | 5  |
| <b><u>Who Should Invest</u></b> .....  | 7  |
| <b><u>Risk Factors</u></b> .....   | 7  |
| <b><u>Tax Considerations</u></b> .....                                       | 11 |
| <b><u>The Managing Member</u></b> .....                                      | 12 |
| <b><u>Other Financing</u></b> .....  | 12 |
| <b><u>Return of Capital Contribution-<br/>Share of Net Profits</u></b> ..... | 12 |
| <b><u>Conflicts of Interest</u></b> .....                                    | 14 |
| <b><u>Financial Statements</u></b> .....                                     | 14 |
| <b><u>The Film</u></b> .....   | 15 |
| <b><u>Additional Information</u></b> .....                                   | 15 |

Minimum/Maximum \$500,000.00/\$3,000,000.00 in Limited Liability  
Interests  
Trouble with Cali, L.L.C.

A Pennsylvania Limited Liability Company

formed to finance a feature film  
"The Trouble with Cali"

**THIS MEMORANDUM IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OR AN OFFER TO BUY, BUT IS INFORMATIONAL IN NATURE. THE LIMITED LIABILITY COMPANY INTEREST OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED IN RELIANCE UPON EXEMPTION FROM REGISTRATION PROVISIONS OF THE ACT AND UPON APPROPRIATE EXEMPTIONS IN VARIOUS STATES WHERE OFFER AND SALES MAY BE MADE. WHETHER THESE SECURITIES ARE EXEMPT FROM REGISTRATION HAS NOT BEEN PASSED UPON BY THE SECURITIES AND EXCHANGE COMMISSION, OR ANY OTHER FEDERAL OR STATE REGULATORY AGENCY, NOR HAS ANY SUCH AGENCY PASSED UPON THE MERITS OF THIS OFFERING.**

**THE LIMITED LIABILITY COMPANY INTEREST DESCRIBED IN THIS MEMORANDUM INVOLVE A HIGH DEGREE OF RISK AND ARE NOT RECOMMENDED FOR INVESTORS WHO DO NOT HAVE ADEQUATE LIQUID ASSETS TO BE ABLE TO AFFORD A LONG-TERM, NON-LIQUID INVESTMENT. AN INVESTOR SHOULD PURCHASE THESE LIMITED LIABILITY COMPANY INTERESTS ONLY FOR INVESTMENT PURPOSES AND MUST BEAR THE ECONOMIC RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SINCE RESALE OR TRANSFER OF THESE LIMITED LIABILITY COMPANY INTERESTS IS RESTRICTED AND THE MANAGING MEMBER SHALL HAVE NO OBLIGATION TO REGISTER THESE LIMITED LIABILITY COMPANY INTERESTS AT ANY TIME. SEE "RISK FACTORS".**

**PROSPECTIVE INVESTORS ARE NOT TO CONSTRUER THE CONTENTS OF THIS MEMORANDUM OR ANY COMMUNICATION RELATING TO THIS OFFERING AS INVESTMENT, LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OR HER PERSONAL LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONAL ADVISORS AS TO LEGAL, TAX, ECONOMIC AND RELATED ASPECTS OF THE INVESTMENT DESCRIBED HEREIN AND ITS SUITABILITY FOR SUCH INVESTOR.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS CONCERNING THE LIMITED LIABILITY COMPANY OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM OR OBTAINED PURSUANT TO THE TERMS HEREOF, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.**

**THERE IS NO PRESENT MARKET FOR THE LIMITED LIABILITY COMPANY INTEREST AND ITS IS NOT EXPECTED THAT A TRADING MARKET WILL DEVELOP. INVESTORS SHOULD NOTE THAT THERE ARE STRICT LIMITATIONS OF THE TRANSFER OF ANY LIMITED LIABILITY COMPANY INTERESTS BY A REGULAR MEMBER.**



**PENNSYLVANIA RESIDENTS:            EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FOR REGISTRATION BY SECTION 203 (D), OF THE PENNSYLVANIA SECURITIES ACT OF 1972, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THE ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTIN IN WHICH THERE IS NOT BINDING CONTRACT OF PURCHASE, WITHIN TWO(2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES OFFERED.**

---

**SUMMARY**

---

The following summary is qualified by the more detailed information appearing elsewhere in this memorandum, which should be read in its entirety. For a discussion of certain factors to be considered in connection with this offering, see RISK FACTORS. All capitalized terms used in this memorandum and summary and not otherwise defined herein are defined in the Agreement of Limited Liability.

**Organization**                      **Trouble with Cali, L.L.C. (the "Company")**  
has been organized as a limited liability  
company.

**Offering**                              **Maximum offering**\_\_\_\_\_ **\$3,000,000.00 (300**  
**units)**

**Minimum offering**\_\_\_\_\_ **\$10,000.00 (1 unit)**  
(Subject to the terms of the limited liability agreement)

**Offering period expires March 24, 2006.**

**Escrow Agent**\_\_\_\_\_ **Lefkowitz and**  
**Edelstein, Esqs.**

**A person wishing to purchase Company**  
**interests should complete a subscription**  
**Agreement and return it to the Managing**  
**Member. See THE OFFERING—How to subscribe.**

**Managing Member**                      **The Managing Member of the Limited Liability**  
**Company is Miranda Films, Inc.**  
**With offices in Gilbert, Pennsylvania.**

**The Film**                                **The film is currently entitled "The Trouble**  
**with Cali", and is based on a screenplay**  
**written by Miranda Sorvino. The expected**  
**running time is 110 minutes. See THE FILM.**

**Cash Distribution  
and Profit  
Participation**

See OTHER FINANCING; RETURN OF CAPITAL CONTRIBUTIONS; SHARE OF NET PROFITS.

**Tax Considerations** No representations are made as to the federal, state or local income tax consequences resulting from an investment in the Company. See TAX CONSIDERATIONS

---

**THE OFFERING**

---

**The Offering**

Miranda Films, Inc, acting as the Managing Member of the Company (the "Managing Member"), intends to produce a feature length motion picture currently entitled "The Trouble with Cali" (the "Film"), based on a screenplay written by Miranda Sorvino (the "Screenplay"). The Film has a proposed budget of \$3,000,000.00 (the "Budget"). The amounts utilized for each line item category on the Budget may fluctuate prior to or during the production and post-production of the Film, all within the discretion of the producers.

The Managing Member is offering (the "Offering") 250 limited liability company interests (each a "Unit") at \$10,000.00 per Unit in Trouble with Cali, L.L.C. (the "Company"), a limited company that has been formed under the laws of the State of Pennsylvania for the purpose of financing, producing and exploiting the Film and certain ancillary rights related thereto. The Company shall be capitalized upon the Managing Member accepting minimum subscriptions of 100 Units. Unless the Managing Member receives and accepts subscriptions totaling at least \$500,000 including, if necessary, sums contributed by the Managing Member prior to March 24, 2006 (the "Termination Date"), no Units will be sold, and all funds received by the Managing Member will be refunded together with all interest earned thereon as soon as practicable, except for those capital contributions which have been expended with the written consent of subscribers who have waived their right to a refund.

The Managing Member will have sole and complete authority over the management and operations of the Company. The Managing Member in its sole discretion may purchase Units of

limited liability company interests in the Company and participate therein as a Regular Member. The Managing Member will assign to the Limited Liability Company all of its rights, title, and interest in and to the Screenplay. If and to the extent that the Managing Member purchases Units, it will become a Regular Member as well as the Managing Member, and will receive, in addition to its share of Net Profits as the Managing Member, its proportionate share of the Regular Member's share of Net Profits.

There is no limit on the number of Units that may be purchased by any investor. The minimum purchase per investor is one Unit (\$10,000.00), unless the Managing Member, in its sole discretion, agrees to accept a smaller contribution.

An investor may purchase Units in consideration of cash, property or services rendered. Investors that purchases Units for cash shall pay the full purchase price for each by check at the time of subscription. Funds tendered will be deposited in escrow in a special interest-bearing bank account with the Attorneys' for the ("Company"), Lefkowitz and Edelstein (the "Escrow Agent") until (i) the Managing Member accepts subscriptions totaling \$500,000.00 or (ii) The Termination Date. Upon accepting subscriptions totaling at least \$500,000.00 cash, the Escrow Agent will transfer the funds held in escrow to an account of the Company. The Managing Member shall have no right to use a subscriber's funds held in escrow prior to accepting subscriptions totaling \$500,000.00 cash, unless an individual subscriber has agreed to the use of his or her capital contribution prior to capitalization of the Company and has waived his or her right of refund in the event of abandonment of the Film.

#### **Acceptance of Subscription**

The units are offered subject to acceptance or rejection by the Managing Member, in whole or in part, of any subscription. If a subscription is rejected, the funds tendered with that subscription, including any interest earned on such funds, will be returned to the subscriber, along with notification of rejection as soon as practicable.

#### **How to Subscribe**

An investor interested in purchasing Units must complete, execute and deliver a Subscription Agreement, in the form attached hereto as Exhibit B (the "Subscription Agreement"). Executed Subscription

Agreements should be delivered as specified therein. Each subscription for one or more Units must be accompanied by tender of the sum of \$10,000.00 per Unit. By executing a Subscription Agreement, the subscriber agrees to be bound by the terms of the Limited Liability Agreement, dated as of March 24, 2005 in the form attached hereto as Exhibit A (the "Agreement of Limited Liability") and will be deemed to have made the representations contained within the Subscription Agreement pertaining to the Regular Member's suitability requirements. Certain provisions thereof are summarized under the caption SUMMARY OF RIGHTS OF MEMBERS.

#### **Development & Preparation Expenses of the Managing Member and its Principals**

It may be that the Managing Member will advance development and preparation expenses for the Film, including crew and above the line salaries, legal and accounting services, office and administrative costs, travel and location expenses, and sales expenses. Such advances shall be repaid to the Managing Member out of the Capital Contributions.

---

#### **WHO SHOULD INVEST**

---

THE UNITS ARE SUITABLE ONLY FOR PERSONS WHO HAVE NO PRESENT NEED FOR LIQUIDITY OF THEIR INVESTMENT AND SHOULD BE PURCHASED ONLY AS A LONG-TERM INVESTMENT. A PERSON SHOULD ONLY INVEST IF HE OR SHE CAN AFFORD TO LOSE THE ENTIRE INVESTMENT AND SHOULD RECOGNIZE THAT THE PROBABILITY OF SUCH A LOSS IS EXTREMELY HIGH. ANY PERSON INVESTING SHOULD REVIEW THE RISK FACTORS CONTAINED HEREIN.

---

#### **RISK FACTORS**

---

Before making a decision to purchase Units offered hereunder, prospective investors should consider the following risk factors, among others, set forth in this Memorandum. The following identification of Risk Factors is not intended as a limitation of other Risk Factors which may attach to a Regular Member's Investment.



## Risk of Film Financing and Production

The sole business of the Company will be to finance, produce and exploit the Film and certain ancillary rights therein held by the Company. In such a venture, the risk of loss is especially high in contrast with the prospects for any profit. The motion picture industry is a highly competitive industry and the market appeal and profitability of a particular motion picture cannot be predicted with any degree of certainty. Investment in these securities is suitable only for persons who do not require liquidity of their investment and who are prepared to lose their entire investment.

It is generally believed that most independently produced films ~~(such as the Film) have resulted in losses to their investors.~~

The Company may be formed with a capitalization of a minimum of \$500,000.00 and a maximum of \$3,000,000.00, however, even if the entire Budget is raised, there is no guarantee that the Managing Member can produce the Film for that amount. The Managing Member does not contemplate obtaining a completion bond for the Film and as a result it is possible that all the Capital Contributions of the Company will be expended without the completion of the Film. In addition, although the Managing Member will seek to arrange for an insurance policy to cover some aspects of production of the Film, the Managing Member makes no representations or warranties that such insurance will be arranged and if arranged as to the sufficiency of the insurance should an accident or omission occur, among other things.

In the event the Managing Member shall at any time determine in good faith that continuation of the production of the Film is not in the best interest of the Company and should be abandoned, the Managing Member shall have the right to abandon the Film or make arrangements with any person or entity to continue the production on such terms as it may believe are in the best interest of the Company and in furtherance of Company obligations in accordance with the Agreement of Limited Liability.

The Managing Member has verbal commitments for most of the key elements of the production, including most of the featured performers. The Managing Member cannot and does not guarantee that once written contracts have been executed that any of the

key actors or production crew will fulfill their obligations under any such contracts they may in the future execute with the Company. Moreover, if certain key personnel (including the director, or certain performers) cease to be associated with the project for any reason, it may be necessary to terminate production of the Film.

#### **Risks of Film Distribution**

As of the date of this Memorandum, the Managing Member has not made any arrangements for the distribution of the Film. There is no guarantee that even if the Film is produced a distributor will undertake to distribute it. Furthermore, even if distributed, there is no guarantee that the Film will result in return of Capital Contributions or Net Profits to the Company, even if the Film is successful critically, artistically, or both.

#### **Company Liquidity and Leverage**

The Agreement of Limited Liability provides that if the Managing Member believes that the funds raised through this offering are insufficient to produce the Film and carry on the Company's affairs, the Managing Member has the right to advance or cause to be advanced, or to borrow on behalf of the Company, whatever additional funds it deems to be necessary. The Company currently does not have any line of credit or borrowing facility. The Managing Member does not know the circumstances in which lenders might extend credit to the Company or the terms which lenders might require in connection with extensions of credit to the Company. Lenders might require the pledging of Company revenues or assets as security, or the restriction of cash distributions to Regular Members. Investors should note that even if the Film is successfully distributed, such Loans and Advances, if made, might result in a considerable delay in the repayment of any Regular Member's Capital Contribution, or in a complete loss to investors because such Loans and Advances may equal or exceed the revenues realized from the commercial exploitation of the Film. See RETURN OF CAPITAL CONTRIBUTIONS-SHARE OF NET PROFITS.

#### **Restrictions on Transferability**

No trading market currently exists for resale of the Units and it is not expected that any trading market for the Units will develop. The Units will not be listed on any national

stock exchange or authorized for trading on any over the counter market.

The Agreement of Limited Liability imposes certain restrictions on the transfer of Units, including the requirement that no such transfer take place without the consent of the Managing Member, which consent may be withheld in its sole and absolute discretion. In addition, any transferee of Units will be required to comply with the minimum purchase requirement imposed by the Agreement of Limited Liability. See SUMMARY OF RIGHTS OF REGULAR MEMBERS-RESTRICTIONS ON TRANSFER. Accordingly, Units should only be purchased as a long-term investment as holders of the Units may not be able to liquidate their investments promptly in the event of an emergency and may be unable to do so at all.

#### **Tax Risks**

The tax consequences of an investment in the Company are complex and may vary depending upon an investor's individual tax situation. Investors should consider the following tax risks, among others: (a) the risk of possible denial of partnership tax status of the Company, with the consequences that the Company would be subject to federal corporate income tax at the applicable rates, distributions to Regular Members would be taxable as dividends and there would be no flow-through of items of income, gain, deduction, loss or credit of the Regular Members; (b) the risk of tax liability to a Regular Member in an amount that is greater than cash contribution to a Regular Member in any particular year, and (c) the risk of possible adverse changes in the tax law. The Managing Member and the principals of the Managing Member cannot and do not make any representations or warranties with regard to the tax treatment of any investment in the Company. See TAX CONSIDERATIONS.

THE FOREGOING IS A VERY BRIEF SUMMARY OF CERTAIN INCOME TAX RISKS RELATING TO AN INVESTMENT IN THE COMPANY. THIS SUMMARY SHOULD NOT BE INTERPRETED AS A REPRESENTATION THAT THE MATTERS REFERRED TO HEREIN ARE THE ONLY TAX RISKS INVOLVED IN THIS INVESTMENT.

VARIOUS ASPECTS OF TAXATION, INCLUDING WITHOUT LIMITATION, STATE AND LOCAL TAXATION, PRODUCE EFFECTS WHICH ARE BASED ON AN INDIVIDUAL'S PARTICULAR CIRCUMSTANCES. THEREFORE, PROSPECTIVE INVESTORS ARE URGED AND EXPECTED TO CONSULT THEIR OWN TAX

ADVISORS INCLUDING THE TAX CONSEQUENCES IF THE COMPANY WERE NOT TREATED AS A PARTNERSHIP FOR TAX PURPOSES.

#### **Lack of Operating History**

The Company is a new entity, the Company is subject to all the risks incident to the creation and development of a new business, including the absence of a history of operations.

#### **Conflicts of Interest**

The Managing Member is subject to certain conflicts of interest in the operation of the Company. See CONFLICTS OF INTEREST.

#### **Liability of Regular Members**

A Regular Member's personal liability for obligations of the Company will generally be limited under Pennsylvania Limited Liability Company Law and the Agreement of Limited Liability to the amount of his Capital Contribution and his rights to undistributed assets of the Company. Under the Agreement of Limited Liability, if any distribution shall have been made prior or subsequent to the termination of the Company, and at any time subsequent to such distribution, there shall be any unpaid debts, taxes, liabilities or obligation of the Company, and the Company shall not have sufficient assets to meet them, then each Regular Member and Managing Member shall be obligated to repay to the Company an amount, not in excess of the distributions so distributed to him, as the Managing Member deems necessary for such purpose and shall demand. In such event, the Regular Members and Managing Member shall first repay any distributions of Net Profits, such repayment made in proportion to the amounts of such Net Profits previously distributed, respectively. If such distributed Net Profits are insufficient, the Regular Members shall return Capital Contributions that have been repaid to them in proportion to the amounts of Capital Contributions that may have been repaid, respectively.

#### **Limitation on Liability of the Managing Member; Indemnification of the Managing Member**

The Agreement of Limited Liability provides that the Managing Member shall only be liable to the Company or the

Regular Members for losses, judgments, liabilities and expenses that result from the gross negligence, willful misconduct, fraud or other breach by the Managing Member of the Agreement of Limited Liability. Thus, the Managing Member might not be liable to the Company or the Regular Members for certain alleged errors or omissions by the Managing Member. The Agreement of Limited Liability also provides that, under certain circumstances, the Company will indemnify the Managing Member for losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Company other than those resulting from the Managing Member's gross negligence, willful misconduct, fraud or breach of the Agreement of Limited Liability. Any such indemnification payment could deplete cash available to the Company for investment in the Film or distribution to the Regular Members.

#### **Loss On Dissolution**

Upon dissolution of the Company, the proceeds realized from the liquidation of assets, if any, will be distributed to the Regular Members only after the satisfaction of the claims of the Company's creditors, and the establishment of any reserves that the Managing Member deems necessary for any contingent or unforeseen liabilities or obligations of the Company. Accordingly the ability of a Regular Member to recover all or any portion of his investment under such circumstances will depend upon the amount of funds so realized and claims to be satisfied therefrom.

---

#### **TAX CONSIDERATIONS**

---

No representations are made as to the federal, state or local income tax consequences resulting from an investment in the Company and no assurances are given that the Company will be treated as a partnership or that any deductions or other income tax consequences which prospective investors in the Company may contemplate will be available in the current or in subsequent years. There can be no assurance that the assumptions with respect to tax matters on which the Film project is based will be upheld. Each prospective investor should consult his own tax advisor with respect to the federal, state and local tax consequences resulting from an investment in Units, including the effects of proposed federal legislation, and should take into account the cost of obtaining such advice in evaluating an investment in the Company and the Company's investment in the

Film. No tax opinion has been requested or obtained, and no ruling has been sought from federal, state or local tax authorities with respect to any matter in this Offering.

---

#### THE MANAGING MEMBER

---

The Managing Member is Miranda Films, Inc. The Managing Member shall be entitled to compensation, for its management, production and services to be allocated from the percent share attributed to the managing member as set forth in the Limited Liability Agreement (Exhibit A).

---

#### OTHER FINANCING

---

If the Managing Member believes that additional funds are necessary for the production or completion of the Film, the Managing Member shall have the right, in its sole discretion, to cause to be advanced or to borrow, in the Company's name the amount the Managing Member deems necessary in its sole discretion. In the event of Loans and Advances, the monies so advanced or borrowed shall be repaid before any of the Capital Contributions and Premiums are paid as applicable, without Majority Consent of the Regular Members and may be repaid prior to any other distribution or profit allocations are made to any of the Regular Members. See RETURN OF CAPITAL CONTRIBUTION-SHARE OF NET PROFITS; RISK FACTORS—Company Liquidity and Leverage.

---

#### RETURN OF CAPITAL CONTRIBUTIONS-SHARE OF NET PROFITS

---

All capitalized terms used in this Section and not otherwise defined with this Memorandum are defined in the Agreement of Limited Liability. Cash distributions of Gross Receipts (if any) will be made on a semi-annual basis commencing ninety (90) days after the initial receipt of Gross Receipts of the Film in accordance with the terms of the Agreement of Limited Liability. When and to the extent Gross Receipts are distributed to the Members, such distribution shall be made as follows:

FIRST: 100% to the Managing Member for: (a) the repayment of Loans and Advances, if any, which by their terms require such payment and which have been approved for such payment in accordance with the provisions of Section 5.02 hereof; (b) at the discretion of the- Managing Member, to the payment of Costs of Production, to the extent said Costs of Production are included in the Budget and are not paid out of Capital Contributions or Loans and Advances; and (c) to the payment of any Distribution Expenses and Limited Liability Expenses, if any.

SECOND: 100% to the Regular Members until the Regular Members have received distributions equaling 100% of their initial investment.

THIRD: 100% to the Managing Member for: (a) the repayment of Loans and Advances not repaid in FIRST above, if any; and (b) Costs of Production, Distribution Expenses and Limited Liability Company Expenses, in such amounts and proportions as the Managing Member may in its sole discretion determine until such time as the aforementioned are paid in full, to the extent such Costs of Production, Distribution Expenses, and Limited Liability Expenses are not paid under "FIRST" above.

FOURTH: (a) After the full payment of the aforementioned in accordance with FIRST through THIRD above, the Film will be deemed to be at break-even, and from that time on there may be Net Profits of the Limited Liability Company. The Net Profits shall be distributed to and divided among the Regular Members and the Managing Member in the following proportions:

The Regular Members shall each receive a share of the Aggregate Regular Member's Share of the NET Profits (i.e. Fifty {50%} percent) in proportion to their respective Interest. The Managing Member shall receive the Managing Member's Share of the Net Profits (i.e. Fifty {50%} percent) to be paid to the Managing Member and other third parties providing goods and services in connections with the motion picture.

Prospective investors should be aware of the distinction between cash distributions of Net Profits and the allocation of "Profits" and "Loans" of the Company for tax purposes, and the tax consequences of this distinction. One such consequence is that in any year that the Company reports

Profits, the Regular Members may be taxed in proportion to their respective share of such Profits, whether or not they have received any cash distribution. See RISK FACTORS—TAX RISKS. Prospective investors are urged and expected to consult their own tax advisors with respect to this and all tax consequences of an investment in the Company.

---

#### CONFLICTS OF INTEREST

---

Management and operation of the Company will involve various conflicts of interests, including the following:

**Lack of Arm's Length Negotiations.** Various agreements and arrangements, including those relating to compensation between the Company and the Managing Member has not been and will not be the result of arm's length negotiations. The compensation plans may create conflicts between the interest of the Managing Member and its principals and those of the Company.

**Investment Conflicts.** The Managing Member, its principals or both may purchase Units and/or advance funds to the Company which may create conflicts between the interest of the Managing Member, its principals or both and those of the Company.

**Miscellaneous Conflicts.** The Managing Member may also encounter certain conflicts of interest arising from its authority as tax matter partner and arising from its authority to make certain accounting decisions for the Company.

---

#### FINANCIAL STATEMENTS

---

The ultimate issuer of these limited liability company interests will be the Company, only recently formed. Accordingly, no financial statements are available. Within ninety (90) days after the general release of the Film, the Regular Members will be furnished with a statement of Costs of Production, Distribution Expenses, and other costs. The Regular Members will also receive annually a balance sheet, statement of income, statement of Company equity and statement of changes in financial condition. The Managing Member will also deliver to each Regular Member all information necessary to enable the



Regular Member to prepare his federal, state and local income tax returns.

---

#### THE FILM

---

As written by Miranda Sorvino, "The Trouble with Cali" is a drama/comedy. The complete screenplay of "The Trouble with Cali" is contained as part of this offering.

---

#### ADDITIONAL INFORMATION

---

The Company shall make available to each investor or his agent, during this Offering and prior to the sale of any Units, the opportunity to ask questions of and receive answers from the Managing Member or any other person authorized to act on behalf of the Company concerning the terms and conditions of the investment and to obtain any additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this Memorandum.

Trouble with Cali, L.L.C.

**AGREEMENT OF LIMITED LIABILITY COMPANY**

AGREEMENT OF Limited Liability Company, dated as of March 24, 2005 among MIRANDA FILMS, INC., as Managing Member (the "Managing Member"), and the parties named as Regular Members in Schedule A attached hereto (the "Regular Members").

In consideration of the mutual promises and agreements herein made and intending to be legally bound, the parties hereto hereby agree to enter into this Agreement of Limited Liability Company by the filing of the Articles of Organization (the "Articles") with the Pennsylvania Department of State pursuant to this Agreement and the Law.

The Limited Liability Company is to be conducted in accordance with the Law and this Agreement, and shall be governed by the laws of the State of Pennsylvania.

**ARTICLE I**

**DEFINED TERMS**

**SECTION 1.01. Defined Terms.** As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means, when used with reference to a specified Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such specified Person; (b) any Person owning or controlling 10% or more of the outstanding voting securities of a Person referred to in (a) above; and (c) any officer, director or Member of such specified Person or of any Person referred to in (a) or (b) above.

"Additional Closing Date" means any date, other than the Initial Closing Date, on which Units offered pursuant to the Offering are issued, including the Final Closing Date.

"Aggregate Regular Member's Share" shall mean fifty (50%) percent of the Net Profits, Profits or Losses, as the case may be, multiplied by the total number of Units sold in the Offering.

"Articles" has the meaning ascribed to it in the preliminary statements.

"Budget" means the budget prepared by the Managing Member for the Film contemplating the respective costs anticipated for the production of the Film. The Budget is approximately \$3,000,000.

"Business Day" means any day other than a Saturday, Sunday or day on which banks are permitted to be closed in the State of Pennsylvania.

"Capital Account" means the capital account established for each Member pursuant to Section 3.06 hereof.

"Capital Contribution" means, in the case of a Member, any services, materials and/or facilities contributed pursuant to an In-kind Agreement, and/or cash that such Member contributes to the Limited Liability Company pursuant to Section 3.03.

**"Capital Contribution Commitment"** means the commitment of each of the Regular Members to make the Capital Contributions as set forth on Schedule A hereto.

**"Capital Transaction"** means any of the following: (i) a sale, exchange, transfer, assignment or other disposition of all or a portion of the Film or all or a portion of the Limited Liability Company's interest in the Film; (ii) any collection in respect of property, hazard or casualty insurance or any damage award; or (iii) any other transaction the proceeds of which, in accordance with generally accepted accounting principles, are considered to be capital in nature.

**"Code"** means the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any succeeding law.

**"Company Interest"** means an Interest held by a Member.

**"Conflict of Interest"** means any instance where the Managing Member or an Affiliate will have the potential to act in a way that may be in conflict with the best interest of the Limited Liability Company or the Regular Members.

**"Consent"** means the consent of a Person, given as provided in Article 10, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context may require.

**"Costs of Production"** are the aggregate of all costs, expenses and liabilities actually incurred in connection with the development, production and completion of the Film, excluding Distribution Expenses, Third Party Net Profit Participation, and Limited Liability Company Expenses under Section 4.02 and reserves under Section 4.05.

**"Distribution Expenses"** include all actual costs and expenses (including, without limitation, the costs of prints and advertising) incurred by the Limited Liability Company directly or indirectly in connection with the distribution and exhibition of the Film and the ancillary rights related thereto, and any fees paid to or charged by a producer's representative, sales agent and/or distributor therefor, including but not limited to international or domestic sales fees whether to the Managing Member or otherwise.

**"Domestic Sales Fee"** means: a fee equal to up to thirty (30%) percent of the Gross Receipts derived from any domestic sales, together with any reasonable expenses associated with such domestic sales.

**"Eligible Investments"** means certificates of deposit of United States banks, money market funds, interest bearing accounts or other similar short-term, highly-liquid investments; provided, however, that the Limited Liability Company's funds may not be invested in tax-exempt securities or obligations or in interest in any other Limited Liability Company's and provided further, however, that Eligible Investments shall not include any investments which produce income subject to withholding under Sections 1441 and 1442 of the Code.

**"ERISA,"** means the Employee Retirement Security Act of 1974, as amended.

**"Escrow Account"** means an account with Managing Member for the purpose of holding subscription amounts until either (i) returned to the Regular Members or (ii) deposited into the Proceeds Account in the form of Capital Contributions.

**"Film"** means a feature-length theatrical motion picture based upon the Screenplay written by Miranda Sorvino.

**"Final Closing Date"** means March 24, 2006, the last date on which Units offered pursuant to the Offering may be issued.

"GAAP" has the meaning specified in Section 1.02.

"Gross Receipts" means all monies actually received by the Limited Liability Company from any source whatsoever, except the aggregate Capital Contributions, in connection with the distribution and exploitation of the Film and certain ancillary rights related thereto, throughout the world in perpetuity, in all media whether now known or hereafter devised, including, without limitation, theatrical and non-theatrical exhibition, broadcast television, cable, pay and satellite television, video cassettes and discs, and so-called "interactive" devices, including, without limitation, CD-I, CD ROM and 3DO, and through commercial tie-ins and merchandising, soundtrack albums related to the film, and monies received by the Company from the disposition of prequel, sequel, remake or television episodic television series rights based upon the Film, if any.

"Incapacity" or "Incapacitated" means, as to any Person, death, the adjudication of incompetency or insanity, bankruptcy, dissolution or termination, as the case may be, of such Person.

"Indemnities" has the meaning set forth in Section 5.08.

"Initial Closing Date" means the date on which Units offered pursuant to the Offering are first issued and where the Managing Member has received and accepted subscriptions for at up to a minimum of 50 units at \$10,000 per unit or a maximum of 300 units at \$10,000 per unit.

"Interest" means the ownership interest of a Member in the Limited Liability Company at any particular time represented by Units, including the right of such Member to any and all benefits to which such Member may be entitled under this Agreement, together with the obligations of such Member to comply with all the terms and provisions of this Agreement with which such Member is required to comply. For purposes of this Agreement, the proportionate Interests of the Members shall be determined and made as to each Member, from time to time; in the proportion that such Member's Capital Contributions may bear to the total Capital Contributions made of all Members.

"Interest Income" means interest earned and received by the Limited Liability Company from the investment of amounts in the Proceeds Account in Eligible Investments.

"International Sales Fee" means: a fee equal to as much as thirty (30%) percent of the Gross Receipts derived from any international sales, together with any reasonable expenses associated with such sales.

"Law" means the Limited Liability Company Law of the State of Pennsylvania, as amended to date and hereafter amended.

"Limited Liability Company" means Trouble with Cali, L.L.C., a Pennsylvania Limited Liability Company, as said Limited Liability Company may from time to time be constituted.

"Limited Liability Company Interest" means an Interest held of record by a Regular Member.

"Liquidating Trustee" has the meaning set forth in Section 8.02.

"Loans and Advances" mean all sums loaned and/or advanced to the Limited Liability Company pursuant to the terms hereto (including, without limitation, any sums so advanced by Regular and/or Managing Members).

"Majority Consent" or other percentage Consent as specified herein means, as to any matter for which Consent is solicited, the affirmative Consent of Members who are the record holders of more than 66-2/3% of issued and outstanding Units.

**"Majority Regular Members"** means Regular Members who are record holders of more than 66-2/3% of the issued and outstanding Units.

**"Managing Member"** means MIRANDA FILMS, INC., or any other entity who, at the time of reference thereto, is admitted as an additional or successor Managing Member of the Limited Liability Company.

**"Managing Member's Share"** shall mean fifty (50%) percent of the Net Profits, Profits or Losses, as the case may be.

**"Member"** means the Managing Member or any Regular Member.

**"Memorandum"** means the Confidential Private Placement Memorandum with respect to the Offering of Units dated March 24, 2005.

**"Net Profits"** mean Gross Receipts plus Capital Contributions, less distributions equaling of 100% of the aggregate Capital Contributions; payment of all Management Fees, Costs of Production, Distribution Expenses, Limited Liability Company Expenses, Loans and Advances and the maintenance of reserves pursuant to Sections 5.05, 4.05.

**"Notification"** means a writing, containing the information required by this Agreement to be communicated to any Person, sent by mail, postage prepaid, facsimile, or hand delivered to such Person at the address of such Person as shown by the records of the Limited Liability Company on the date of the giving of Notification; provided, however that any written communication containing such information sent to such Person and actually received by such Person shall constitute notification for all purposes under this Agreement.

**"Offering"** means the offering commencing, March 24, 2005 of up to 250 Units pursuant to a Subscription Agreement.

**"Person"** means a natural person, partnership, limited liability company, corporation, trust or other entity in its own representatives or custodial capacity.

**"Proceeds Account"** means the account into which Capital Contributions are initially deposited.

**"Profit" or "Loss"** means for each fiscal year or other period, an amount equal to the Limited Liability Company's taxable income or loss for such year or period on an accrual basis of accounting, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703 (a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) No items of income, gain, loss or deduction allocated pursuant to Section 3.10 shall be taken into account in computing such taxable income or loss;

(ii) Any income of the Limited Liability Company that is exempt from Federal income tax and is not otherwise taken into account in computing Profit or Loss pursuant to this definition shall be added to such taxable income or loss; and

(iii) Any expenditures of the Limited Liability Company not deductible in computing taxable income or loss, not properly chargeable to Capital Accounts and not otherwise taken into account in computing Profit or Loss pursuant to this definition shall be subtracted from such taxable income or loss.

**"Sale"** means a sale or other disposition, whether by operation of law or otherwise, of the Limited Liability Company's right, title and interest in and to the Film and any rights therein, including any arrangement whereby the Limited Liability Company grants rights to a third party to exploit the Film in any

medium whether or not such right or rights are exclusive or nonexclusive and limited or unlimited as to time or geographical area.

**"Screenplay"** means the screenplay to be written by Miranda Sorvino.

**"Subscription Agreement"** means the agreement between a Regular Member and the Limited Liability Company pursuant to which such Regular Member acquires Units in consideration for making a Capital Contribution Commitment.

**"Substituted Regular Member"** means any Person admitted to the Limited Liability Company as a Regular Member as provided in Section 7.05.

**"Tax Matters Member"** has the meaning set forth in Section 6231 of the Code and Section 9.06 hereof.

**"Termination Date"** means March 24, 2035 .

**"Third Party Net Profit Participation"** mean any compensation measured by Net Profits which is paid or payable to any Person who is not a member which grants rights, provides financing, renders services or furnishes materials or facilities in connection with the development production, distribution, exhibition or other exploitation of the Film and the ancillary rights related thereto. Said Third Party Net Profits Participation shall be borne by the Managing Member and be deducted from its share of Gross Receipts and/or Net Profits.

**"Treasury Regulations"** means final or temporary Income Tax Regulations promulgated under the Code.

**"Unit"** means an interest in the Limited Liability Company resulting from a contribution of capital of \$10,000.

**SECTION 1.02 Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in the United States (GAAP).

## ARTICLE 2

### ORGANIZATION

**SECTION 2.01 Name, Place of Business and Office.** (a) The Limited Liability Company shall be conducted under the name "Trouble with Cali , L.L.C.", or under such other name or names as the Managing Member may determine in order to comply with the laws of the various jurisdictions in which the Limited Liability Company may do business.

(b) The temporary office of the Limited Liability Company for the purpose of subscription correspondence shall be at 444 Madison Avenue, 8th Fl., New York, NY 10022. The Managing Member may at any time change the location of such office within the State of New York and may establish such additional offices as it shall deem advisable. Notification of any change in location shall be given to the Members as soon as practicable after such change.

**SECTION 2.02 Purpose.** The purpose and character of the business of the Limited Liability Company is to conduct in the United States and elsewhere throughout the world the business of motion picture producers and to engage in any and all activities related and incidental thereto in connection with the development, production, financing, distribution, and otherwise exploitation of the Film and the ancillary rights related thereto. In addition, without in any way limiting the generality of the foregoing, the Limited Liability Company may own, operate, sell, transfer, convert, license, mortgage, exchange, exploit, or otherwise dispose of or deal with property of every nature whatsoever and engage in any activities in furtherance of said purpose as are not prohibited by law or the terms of this Agreement.

**SECTION 2.03 Term.** The Limited Liability Company shall be effective upon the filing of the Articles of Organization with the Department of State of the State of Pennsylvania and shall remain effective for 30 years unless sooner dissolved, wound up, and terminated pursuant to the provisions hereof.

## ARTICLE 3

### MEMBERS AND CAPITAL; CAPITAL ACCOUNTS AND ALLOCATIONS

**SECTION 3.01 Managing Member.** (a) The Managing Member shall have its principal office in Gilbert, Pennsylvania.

**SECTION 3.02 Regular Members.** (a) The names, addresses and Capital Contribution Commitments of the Regular Members are set forth in Schedule A hereto, as amended from time to time in accordance with the terms of this Agreement. The aggregate Capital Contribution Commitments of all Regular Members shall be at least \$500,000 cash ("Minimum Capital"), but not more than \$3,000,000 cash ("Maximum Capital").

(b) Unless named in this Agreement, or unless admitted to the Limited Liability Company as a Managing Member or a Regular Member, as provided in this Agreement, no Person shall be considered a Member. Except as consistent with an assignee's economic interest, the Limited Liability Company and the Managing Member need deal only with Persons so named or admitted as Members. They shall not be required to deal with any other Person merely because of an assignment or transfer of a Member's Interest to such Person as a result of an assignment thereof or a transfer thereof by reason of the Incapacity of a Member.

(c) The Managing Member shall have the authority to amend Schedule A hereto in order to reflect the substitution of a Regular Member in accordance with Section 7.05. Any such amendment to Schedule A shall be deemed to be an amendment of inconsequential nature under Section 10.01 (a).

**SECTION 3.03 Capital Contributions.** (a) Each Regular Member shall make a Capital Contribution equal to the full amount of its Capital Contribution Commitment listed on Schedule A hereto payable by check prior to or at the time such Regular Member is admitted to the Limited Liability Company. All proceeds from subscriptions for the Units shall be held by the Managing Member in an Escrow Account. On the Initial Closing Date and each Additional Closing Date all such proceeds shall be transferred to the Limited Liability Company and treated as contributions to the capital of the Limited Liability Company made by the Regular Members. The Capital Contributions shall constitute the full obligations of the Regular Members to furnish funds or other property or services to the Limited Liability Company. No additional funds or other property or services shall be required of any Regular Member. Any interest earned on subscriptions deposited in the Escrow Account as described in the Memorandum shall be deemed to be income earned by the Limited Liability Company and shall not be deemed a Capital Contribution of the Regular Members, provided that the subscription for Minimum Capital has been received and accepted by the Managing Member.

(b) All Capital Contributions made by any Regular Members hereunder will be returned in full with interest if the Minimum Capital has not been raised by the Termination Date. Notwithstanding the foregoing, the Managing Member may make no use of any monies contributed by the Regular Members hereunder until the Minimum Capital shall have been contributed to the Limited Liability Company, including sums contributed by the Managing Member or its principals pursuant to the terms of Section 3.01(b).

(c) The Managing Member has prepared the Budget for the Film assuming receipt of the Maximum Capital. The amounts utilized for each line item category on the Budget may fluctuate prior to or during the production and post-production of the Film, all within the discretion of the Managing Member. If the Limited Liability Company secures more than the Minimum Capital but less than the Maximum Capital on or before the Termination Date, it will be able to produce the Film with the same level of quality as if it had secured the Maximum Capital and in accordance with the general parameters set forth in the Budget, assuming some of the crew members, talent and other Persons involved in the production of the Film, will provide their services for reduced direct fee payments to such Persons. These cast and crew members, in such event, may be entitled to receive Third Party Net Profit Participation, which shall be payable as set forth in Section 4.06 hereunder.

**SECTION 3.04 Application of Capital Contributions.** (a) Subject to Section 3.02(b) and 3.03(a), upon the Limited Liability Company's receipt of the Capital Contributions, the Managing Member shall deposit such funds in the Limited Liability Company's Proceeds Account and the Managing Member shall then apply such Capital Contributions in the manner and for the purposes provided in Articles 4 and 5.

(b) Pending investment in the Film after Capital Contributions are released from escrow in accordance with Section 3.03(a) hereof, the Managing Member shall use its reasonable efforts to invest any Capital Contributions made pursuant to Section 3.03 in one or more Eligible Investments.

(c) If any Capital Contributions made to the Limited Liability Company remain uninvested in the Film, as of twelve (12) months after the completion of photography on the Film, then the Limited Liability Company shall refund the portion of the Capital Contribution not so invested. If any portion of the Capital Contribution is refunded pursuant to the preceding sentence, each Regular Member shall receive a portion of the amount refunded equal to the total amount refunded multiplied by such Member's proportionate Interest.

**SECTION 3.05 Limited Liability Company Capital.** (a) No Member shall be paid interest on any Capital Contribution to the Limited Liability Company, except as such interest may be distributed pursuant to Section 4.06 or as such interest may be paid under the circumstances requiring a return of any Capital Contribution.



(b) Under the circumstances not requiring a return of any Capital Contribution, no Member shall have the right to withdraw its Capital Contribution for any reason or to receive any return of any portion of its Capital Contribution.

(c) Under circumstances requiring a return of any Capital Contribution, no Member shall have the right to demand and/or receive property other than cash.

(d) No Regular Member shall have priority over any other Regular Member as to the return of any Capital Contribution.

**SECTION 3.06 Capital Accounts.** A Capital Account shall be maintained for each Member. To each Member's Capital Account shall be credited (i) such Member's Capital Contributions; such Member's share of Profits, and; (iii) any special allocations of income or gain pursuant to Section 3.10. From each Member's Capital Account there shall be debited (i) the amount of cash distributed to such Member by the Limited Liability Company pursuant to this Agreement; (ii) such Members' share of Losses, and (iii) any losses or deductions pursuant to Section 3.10. In the event that any Interest in the Limited Liability Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Section 1.704-(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Managing Member shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations, the Managing Member may make such modification, provided that in the reasonable judgment of the Managing Member, it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article Eight upon the dissolution of the Limited Liability Company. The Managing Member shall also make appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulation Section 1.704-1 (b). If any Member shall at any time have a negative balance in such Member's Capital Account, such negative balance shall not constitute a debt owed by such Member to the other Members or the Limited Liability Company. No interest shall be paid on Capital Accounts.

**SECTION 3.07 Allocation of Profits and Losses.** The Limited Liability Company's Certified Public Accountant shall allocate the income, deductions, gains losses and credits of the Limited Liability Company for each year among the Persons who were Members during said year in a manner that is equitable, practicable and consistent with the Code, the Treasury Regulations and other applicable law, taking into account the Capital Contributions of the Members, the requirements of this Agreement with respect to distributions, any distributions made to the Members, and the difference between income for tax purposes and profitability for Limited Liability Company purposes (for example, unrealized gains and losses being included in the latter but not in the former); provided, however, that no such allocation shall discriminate against any Member or contravene the provisions of this Agreement.

**SECTION 3.08** Intentionally deleted

**SECTION 3.09 Allocations after Transfer of Member's Units.** The Profits and Losses, if any, of the Limited Liability Company shall be allocable to a Member only if paid or incurred by the Limited Liability Company during the portion of the year such Member is a member of the Limited Liability Company. As between a Regular Member and that Regular Member's Substituted Regular Member, the Managing Member may, in its discretion, allocate all Limited Liability Company Profits and Losses between the transferring Regular Member and the Substituted Regular Member ratably on a daily basis. Notwithstanding the foregoing, the Managing Member shall in all events utilize an accounting method for determining the allocable shares of the above items to which the Regular Members are entitled which complies with Section 706(d) of the Code.

**SECTION 3.10 Special Allocations.** Notwithstanding anything to the contrary in Section 3.07:

(a) (i) The Loss allocated to the Regular Members pursuant to Section 3.07 shall not exceed the maximum amount of Loss that can be so allocated without causing any Regular Member to have a negative balance in his Capital Account at the end of any taxable year. Any Loss that cannot be allocated among the Regular Members in accordance with Section 3.07 as a result of the limitation in the preceding sentence shall be allocated 100% to the Managing Member.

(ii) If any allocations of Loss are made to the Managing Member pursuant to Section 3.10(a)(i), Profits in any subsequent fiscal year or other period shall be allocated 100% to the Managing Member until the sum of the Profit allocated pursuant this Section 3.10(a)(ii) for the current and all previous fiscal years or other periods is equal to the cumulative Loss allocated to the Managing Member pursuant to Section 3.10(a)(i) for all previous fiscal years or other periods.

(b) In the event a Member unexpectedly receives any adjustments, allocations, or distributions described in paragraphs (4), (5) and (6) of Treasury Regulation Section 1.704-1 (b)(2)(ii)(d), items of Limited Liability Company income and gain shall be specially allocated to the Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulation, the deficit account balance of the Member as quickly as possible.

(c) For Federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Members in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 3.07 and 3.08.

(d) "Nonrecourse deductions" (as defined in Treasury Regulations Sec.1.704-2(c)), if any, shall be allocated to the Member(s) that bears the economic risk of loss for such deductions.

**SECTION 3.11 Liability of Managing Member and Regular Members.** (a) A Regular Member who is not also a Managing Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Limited Liability Company only to the extent of such Member's (i) Capital Contributions to the Limited Liability Company and other payments set forth in this Agreement, (ii) share of undistributed profits and assets of the Limited Liability Company and (iii) to the extent provided in the Law. Notwithstanding the foregoing, if any distribution shall have been made prior or subsequent to the termination of the Limited Liability Company, and at any time subsequent to such distribution, there shall be any unpaid debts, taxes, liabilities or obligation of the Limited Liability Company and the Limited Liability Company shall not have sufficient assets to meet them, then each Regular Member and Managing Member shall be obligated to repay to the Limited Liability Company an amount, not in excess of the distributions so distributed to him, as the Managing Member deems necessary for such purpose and shall demand. In such event, the Regular Member and Managing Member shall first repay any distributions of Net Profits, such repayment made in proportion to the amounts of such Net Profits theretofore distributed, respectively. If such distributed Net Profits be insufficient, the Regular Members shall return Capital Contributions that have been repaid to them in proportion to the amounts of Capital Contributions that may have been repaid, respectively.

(b) A Regular Member shall not be required to lend any funds to the Limited Liability Company, but may lend funds to the Limited Liability Company with the consent of the Managing Member. Such loan shall not constitute a Capital Contribution, but shall be an obligation of the Limited Liability Company to be repaid on such terms and with such interest as are agreed upon by the Managing Member and the lending Regular Member.

(c) Except to the extent otherwise provided in this Agreement, neither the Managing Member nor any of its Affiliates shall have any liability to any Regular Member for the repayment of any amounts outstanding in the Capital Account of a Regular Member, including, but not limited, to Capital Contributions except as expressly set forth herein, and then solely from the assets of the Limited Liability Company.

**SECTION 3.12 Regular Members' Access to Information.** (a) Each Regular Member has the right to obtain from the Managing Member, from time to time upon reasonable demand and for any purpose reasonably related to such Regular Member's Interest, the following information:

(i) Information regarding status of the business and financial condition of the Limited Liability Company;

(ii) Promptly after becoming available, a copy of the Limited Liability Company's federal, state and local income tax returns for each taxable year;

(iii) a current list of the full name and last known business or residence address of each Member set forth in alphabetical order, and a copy of this Agreement and the Certificate and all amendments hereto and thereto;

(iv) Other information regarding the affairs of the Limited Liability Company as is just and reasonable; and

(v) information required to be provided pursuant to Section 9.04, including information regarding the Film and the exploitation of rights related thereto.

(b) Notwithstanding the foregoing, under no circumstances shall Regular Members be entitled to inspect or copy any document which has been provided to the Managing Member by a third party and which the Managing Member in good faith reasonably determines to be of a proprietary or confidential nature to such third party.

#### ARTICLE 4

#### SOURCES AND APPLICATIONS OF FUNDS; DISTRIBUTION OF GROSS RECEIPTS

##### SECTION 4.01 Intentionally deleted

**SECTION 4.02 Limited Liability Company Expenses.** (a) Notwithstanding anything to the contrary contained in Section 4.06, the Managing Member shall receive reimbursement of all documented business expenses, including, without limitation, travel and office expenses, costs, fees and other outlays advanced, paid or otherwise incurred by the Managing Member in connection with the reasonable business needs of the Limited Liability Company, including but not limited to legal, accounting, overhead and insurance expenses. Any requested and documented reimbursement shall be paid to the Managing Member at all times upon demand before any distribution to the Members and shall be made pursuant to this Agreement. Beginning on the Initial Closing Date and thereafter on the first day of each fiscal quarter, fees for outside legal, and accounting services, shall be billed directly to and paid by the Limited Liability Company when due.

(b) For the payment of the amounts payable by the Limited Liability Company pursuant to Section 4.02(a) the Managing Member may:

(i) Advance funds to the Limited Liability Company and apply the proceeds of such advances; or

(ii) Apply Gross Receipts, borrowing or cash from reserves established for such purposes.

**SECTION 4.03 Commissions.** The Limited Liability Company, the Managing Member, any Affiliate or any person selling Units on behalf of the Limited Liability Company shall not pay or award, directly or indirectly, any finder's fees, commissions or other compensation to any person engaged for investment advice by a potential Regular Member as an inducement to give the potential Regular Member

investment advice. The foregoing shall not prohibit the Limited Liability Company, the Managing Member, or any Affiliate from paying reasonable industry standard commissions to any person licensed to sell Units upon the sales of Units.

**SECTION 4.04 Repayment of Amounts Borrowed.** If the Limited Liability Company borrows funds, or a Member advances funds, the Limited Liability Company shall repay such borrowed funds or advances and any interest thereon in accordance with the terms of such borrowing or advance, in accordance with Sec. 4.06 FIRST or THIRD below, as applicable.

**SECTION 4.05 Allocations of Gross Receipts to Reserves.** The Managing Member may allocate any amount it considers reasonable to a reserve, which reserve the Managing Member shall maintain (i) to meet its funding obligations to the Film; (ii) to repay the principal amount of, and interest on, any Limited Liability Company debt, including taxes and contingent liabilities; and (iii) for any other purpose it deems necessary. Thereafter, the Managing Member may allocate to a reserve from time to time an amount not to exceed at any time the amount of expenses and taxes which the Managing Member reasonably anticipates will be payable by the Limited Liability Company prior to the end of the next succeeding fiscal year and that will not be satisfied out of Gross Receipts that the Managing Member reasonably expects to be available during such period.

**SECTION 4.06 Distributions of Gross Receipts.** (a) When and to the extent Gross Receipts are distributed to the Members such distributions shall be made as follows:

**FIRST:** 100% to the Managing Member for: (a) the repayment of Loans and Advances, if any, which by their terms require such payment and which have been approved for such payment in accordance with the provisions of Section 5.02 hereof; (b) at the discretion of the Managing Member, to the payment of Costs of Production, to the extent said Costs of Production are included in the Budget and are not paid out of Capital Contributions or Loans and Advances; and (c) to the payment of any Distribution Expenses and Limited Liability Expenses, if any.

**SECOND:** 100% to the Regular Members until the Regular Members have received distributions equaling 100% of their initial investment.

**THIRD:** 100% to the Managing Member for: (a) the repayment of Loans and Advances not repaid in FIRST above, if any; and (b) Costs of Production, Distribution Expenses and Limited Liability Company Expenses, in such amounts and proportions as the Managing Member may in its sole discretion determine until such time as the aforementioned are paid in full, to the extent such Costs of Production, Distribution Expenses, and Limited Liability Expenses are not paid under "FIRST" above.

**FOURTH:** (a) After the full payment of the aforementioned in accordance with FIRST through THIRD above, the Film will be deemed to be at break-even, and from that time on there may be Net Profits of the Limited Liability Company. The Net Profits shall be distributed to and divided among the Regular Members and the Managing Member in the following proportions:

The Regular Members shall each receive a share of the Aggregate Regular Member's Share of the Net Profits (i.e., fifty (50%) percent) in proportion to his respective Interest. The Managing Member and other third parties providing goods or services in connection with the Motion Picture shall receive the Managing Member's Share of the Net Profits (i.e., fifty 50 %).

(b) Intentionally deleted

(c) Distributions shall be made at the end of each semi-annual period commencing 120 days after the Limited Liability Company's initial receipt of Gross Receipts of the Film as determined by the Managing Member in good faith.

(d) All amounts distributed pursuant to sub-paragraphs SECOND and FIFTH of this Section 4.06 shall be charged to the Member's Capital Accounts pursuant to Section 3.06.

## ARTICLE 5

### RIGHTS, POWERS AND DUTIES OF THE MEMBERS

**SECTION 5.01 Management and Control of the Limited Liability Company.** (a) Subject to Sections 6.01, 6.02, 6.03, 6.04 and 8.01, the Managing Member is appointed for the life of the Limited Liability Company;

(b) Subject to the Consent of the Members where required by this Agreement and except as otherwise herein specifically provided, the Managing Member shall have the right to manage and control the business and affairs of the Limited Liability Company and to make all decisions regarding the business of the Limited Liability Company. In the course of its management, the Managing Member may in its sole discretion, but subject to restrictions contained in this Agreement, acquire, mortgage, encumber, hold title to, pledge, sell, release or otherwise dispose of real and personal property and interests therein when and upon such terms as it determines of the best interests of the Limited Liability Company. The Managing Member shall have all of the rights, powers and obligations of a Managing Member of a Limited Liability Company under the Law and any other laws of the State of Pennsylvania and any other state in which the Limited Liability Company is registered to do business.

(c) The Regular Members (except one who may also be the Managing and then only in its capacity as Managing Member within the scope of the authority hereunder) shall not participate in the management of or have control over the Limited Liability Company's business nor shall any Regular Member have the power to represent, act for, sign for, or bind the Managing Member or the Limited Liability Company, except as otherwise expressly provided for in this Agreement.

**SECTION 5.02 Authority of the Managing Member.** (a) The Managing Member shall have the authority to borrow money in the name of the Limited Liability Company.

(b) In addition to any other rights and powers which the Managing Member may possess under this Agreement and the Law, the Managing Member shall except to the extent otherwise provided herein, have all specific rights and powers required for or appropriate to its management of the Limited Liability Company business which, by way of illustration but not by way of limitation, shall include the following rights and powers:

(i) to let, license or lease all or any portion of Limited Liability Company property for any purposes of the Limited Liability Company;

(ii) to execute in furtherance of any and all of the purposes of the Limited Liability Company, any and all agreements, contracts, documents, certifications, partnership agreements and joint venture agreements deemed by the Managing Member to be necessary or convenient in connection with the business of the Limited Liability Company, including, without limitation, all agreements on behalf of the Limited Liability Company (x) with motion picture or television production and/or distribution companies or other third parties pursuant to which the Limited Liability Company obtains such company's or other third parties' assistance in financing, producing, distributing or otherwise exploiting the Film or the ancillary rights related thereto, and (y) with persons, firms or corporations granting rights, providing financing, rendering services or furnishing literary material or other materials or facilities in connection with the development, production, distribution or other exploitation of the Film upon terms and in consideration of, including, but not limited to, fixed salary, Limited Liability Company Interests, or other compensation, or Third Party Net Profit Participation;

(iii) to protect and preserve the title and interest of the Limited Liability Company, with respect to the assets of the Limited Liability Company, to collect all amounts due to the Limited Liability Company, and otherwise to enforce all rights of the Limited Liability Company, and in that connection, to retain

counsel and institute such suits or proceedings, in the name and on behalf of the Limited Liability Company, or, if the Managing Member shall so determine, in the name of the Members;

(iv) to the extent that funds of the Limited Liability Company are available, to pay all debts and obligations of the Limited Liability Company and to make all distributions periodically to the Members in accordance with the provisions of this Agreement;

(v) to advance funds to or to borrow funds on behalf of the Limited Liability Company in the best interests of the Limited Liability Company as determined by the Managing Member on such terms and conditions as the Managing Member deems advisable, including, without limitation, the power to borrow money to cover any overages should the Film go over Budget, as well as the power to borrow money to cover promotion (including, without limitation, for promotion at Film Festivals and distribution of the Film), and to secure the same by mortgage, pledge or other lien on any properties, rights or other assets of the Limited Liability Company, and to guarantee the repayment of such borrowed funds as provided herein, so long as such funds shall be paid or repaid in accordance with Sec. 4.06 THIRD, unless the Regular Members by Majority Consent agree to repayment in accordance with Sec. 4.06 FIRST.

(vi) to purchase, at the expense of the Limited Liability Company liability and other insurance to protect the Limited Liability Company properties and business; provided that the Managing Member may not cause the Limited Liability Company to incur the cost of that portion of liability insurance which insures an Indemnitee (as defined in Section 5.08) for any liability as to which such Indemnitee is prohibited from being indemnified under Section 5.08 hereof;

(vii) on behalf of the Limited Liability Company, to engage a public accountant and such legal counsel as are selected by the Managing Member;

(viii) to open and maintain Limited Liability Company accounts on behalf of the Limited Liability Company with any bank in the United States and to designate and change signatories on such accounts, provided that the funds of the Limited Liability Company may not be commingled with funds owned by or held on behalf of the Managing Member or its Affiliates or any other entity in which it or any of its Affiliates has an interest;

(ix) to invest such funds in Eligible Investments and to deposit, withdraw, invest, pay, retain and distribute the Limited Liability Company's funds in any manner consistent with the provisions of this Agreement; and

(x) subject to the limitations set forth in Sections 4.05 and 4.06(b) to establish reserves from any funds available to the Limited Liability Company in such amount as permitted hereby.

(c) The Managing Member shall have the power and the right, but not the obligation, to do any and all acts and things in the management of the Limited Liability Company and its business necessary, proper, convenient or advisable in its sole discretion in order that:

(i) the Limited Liability Company shall not be deemed to hold "plan assets" or, alternatively, be required to comply with the applicable fiduciary requirements under ERISA in the event the Limited Liability Company's assets are deemed to be "plan assets" under ERISA;

(ii) The Limited Liability Company not lose its status as a partnership for federal income tax purposes or be deemed to terminate for purposes of the Code; and

(iii) neither the Limited Liability Company nor any Member suffer any other adverse tax consequences.

(d) Any Person dealing with the Limited Liability Company may rely upon a certificate signed by the Managing Member, as to:

(i) the identity of the Managing Member or any Regular Member;

(ii) the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the Managing Member or which in any other manner relate to the affairs of the Limited Liability Company;

(iii) the Persons who are authorized to execute and deliver any instrument or document on behalf of the Limited Liability Company; or

(iv) any act or failure to act by the Limited Liability Company or as to any other matter whatsoever involving the Limited Liability Company.

#### **SECTION 5.03 Restriction on the Authority of the Managing Member.**

Without the Majority Consent of all of the Members, the Managing Member shall not have the authority to:

(i) do any act in contravention of this Agreement;

(ii) do any act which would make it impossible to carry on the ordinary business of the Limited Liability Company;

(iii) confess a judgment against the Limited Liability Company;

(iv) possess Limited Liability Company property or assign its rights in specific Limited Liability Company property, for other than a Limited Liability Company purpose;

(v) admit a Person as either a Regular Member or a Managing Member, except as permitted in this Agreement and Law;

(vi) do any act which would cause the Limited Liability Company to be regulated as an "investment company" for purposes of the Investment Company Act of 1940-, as amended;

(vii) sell, abandon or otherwise dispose of at any one time all or substantially all of the assets of the Limited Liability Company;

(viii) dissolve the Limited Liability Company;

(ix) make changes in the business and investment objectives of the Limited Liability Company as described in this Agreement and the Memorandum; or

(x) Agree to the payment of any Loans or Advances prior to the return to the Regular Members of 100% of their Capital Contributions, except as set forth in paragraph 4.06 herein.

**SECTION 5.04 Duties and Obligations of the Managing Member. (a) The Managing Member shall use its best efforts to take all actions which may be necessary or appropriate for the continuation of the Limited Liability Company's valid existence as a Limited Liability Company under the Law and its tax status as a partnership and for the acquisition, holding and preservation of Limited Liability Company assets in accordance with the provisions of this Agreement and applicable laws and regulations. The Managing Member shall use its best efforts to ensure that the Limited Liability Company does not become a "publicly traded" company as such is defined in Sec. 7704 of the Code.**

**(b) The Managing Member shall devote to the Limited Liability Company such time as the Managing Member shall deem to be necessary to conduct the Limited Liability Company business and affairs; nothing in this Agreement shall preclude the employment at the expense of the Limited**

Liability Company of any agent or third party to manage or provide other services in respect to the Limited Liability Company property subject to the control of the Managing Member.

(c) The Managing Member shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) all federal state and local tax returns required to be filed by the Limited Liability Company.

(d) The Managing Member shall from time to time execute or cause to be executed all such certificates (including Limited Liability Company and fictitious name certificates) or other documents or cause to be done all such filings, recordings, publishing, or other acts as may be necessary or appropriate in its sole discretion to comply with the requirements for the formation and operation of a Limited Liability Company under the laws of the state of Pennsylvania and under the laws of any other jurisdictions in which the Limited Liability Company conducts business and for the purpose of establishing and protecting the limited liability of the Regular Members under the law of the State of Pennsylvania and under the laws of any other jurisdictions in which the Limited Liability Company conducts business.

(e) The Managing Member shall have fiduciary responsibility for the safe keeping and use of all funds and assets of the Limited Liability Company and shall not employ or permit another Person to employ such funds or assets in any manner except for the exclusive benefit of the Limited Liability Company. The Limited Liability Company's funds shall not be commingled with the funds of any other Person. The Managing Member will manage and operate the Limited Liability Company in a prudent and businesslike manner, and for the best interests of the Regular Members.

(f) Each of the Regular Members with respect to its Interest in the Limited Liability Company shall be bound by all acts made or done by, or by the inaction of, the Managing Member hereunder.

(g) The Managing Member will employ the producers, directors, actors and other appropriate creative and production personnel, become signatory to any appropriate union or guild collective bargaining agreements, enter into other appropriate production-related agreements, administer the production of the Film and deliver the completed Film to the Limited Liability Company.

**SECTION 5.05 Compensation of the Managing Member.** (a) In consideration of its services hereunder, the Managing Member shall be entitled to the payment. In addition, the Managing Member shall be entitled to reimbursement of any funds advanced for Costs of Production, Distribution Expenses or Limited Liability Company Expenses; as well as the Managing Member's share of Net Profits.

(b) The Managing Member shall not, in its capacity as Managing Member receive any salary, fees or profits from the Limited Liability Company, except as specified herein.

**SECTION 5.06 Other Business of Members.** Any Member (including the Managing Member) and any Affiliate of any Member (including the Managing Member) may engage in or possess any interest in other business ventures of any kind, nature or description, independently or with others, including, without limitation, the acquisition, financing, ownership and exploitation of motion pictures for their own account or for the account of others. Neither the Limited Liability Company nor any Members by virtue of their status as Members shall have any rights or obligations in or to such independent ventures or the profits or losses derived therefrom.

**SECTION 5.07 Transactions with Affiliates.** The validity of any transaction, agreement or payment involving the Limited Liability Company and any Affiliate of the Managing Member otherwise permitted by the terms of this Agreement shall not be affected by reason of the relationship between the Managing Member and such Affiliate or the approval of said transaction, agreement or payment by the Managing Member, so long as said transaction, agreement, or payment has been entered into or effectuated upon terms reasonable and customary in the motion picture industry.

**SECTION 5.08 Limitations on Liability of the Managing Member Indemnification.** (a) The Managing Member and its officers, directors, shareholders and employees acting in such capacity



(collectively, "Indemnitees") shall have no liability to any Regular Member or the Limited Liability Company for, and the Limited Liability Company agrees to indemnify each Indemnitee to the fullest extent permitted by law from and against, any and all losses judgments liabilities expenses and amounts paid in settlement of any claims sustained by them in connection with the Limited Liability Company. Notwithstanding the foregoing, each Indemnitee shall be liable, responsible, and accountable, and the Limited Liability Company shall not be liable to any Indemnitee, for any portion of such losses, judgments, liabilities and expenses that results from any Indemnitee's gross negligence, willful malfeasance, breach of this Agreement or fraud. If any action suit, or proceeding shall be pending against the Limited Liability Company or an Indemnitee in connection with the Limited Liability Company, such Indemnitee shall have the right to employ separate counsel of its choice in such action, suit or proceeding. The reasonable fees and expenses of such separate counsel shall constitute expenses for the purposes of the Indemnification provided by this Section 5.08. The satisfaction of the obligations of the Limited Liability Company under this Section 5.08 shall be from and limited to the assets of the Limited Liability Company, and no Regular Member shall have any personal liability on account thereof. Any judgment against the Limited Liability Company and any Indemnitee wherein such Indemnitee is entitled to indemnification hereunder must first be satisfied from the assets of the Limited Liability Company before such Indemnitee is responsible for the satisfaction of such judgment.

(b) The Limited Liability Company shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against liability, the indemnification of which is prohibited by this Section 5.08.

**SECTION 5.09 Conflicts of Interest.** In the course of performing their respective duties under and in connection with this Agreement, the Managing Member and its Affiliates will be confronted with certain actual and potential Conflicts of Interest. The Regular Members acknowledge the existence of such actual and potential Conflicts of Interest and agree that, notwithstanding any such Conflicts of Interest, to the extent the Managing Member and its Affiliates act in good faith in connection with the performance of their duties under this Agreement, they shall have no liability to the Limited Liability Company or any of the Regular Members in connection with such Conflicts of Interest.

**SECTION 5.10 Rights and Duties of Regular Members.** (a) The Regular Members shall not participate in the control, management, direction or operation of the business of the Limited Liability Company and shall have no power to act for, obligate or bind the Limited Liability Company except as otherwise expressly provided for in this Agreement.

(b) Except as required by law, a Regular Member will have no liability in excess of its Capital Contribution, its share of the Limited Liability Company's assets and undistributed Profits, and its obligation to return distributions wrongfully distributed to it; provided, however, that to the extent any Regular Member repays to the Limited Liability Company pursuant to Law a greater percentage of the distributions made to it than any or all other Regular Members similarly liable, such Regular Members, to the fullest extent permitted by law, shall have a right of contribution from each other Regular Member to the extent that such other Regular Member has repaid pursuant to such provision a lesser percentage of the distributions made to it.

## ARTICLE 6

### TRANSFERABILITY OF THE MANAGING MEMBER'S INTEREST

**SECTION 6.01 Assignment of the Managing Member's Interest.** Without the prior Consent of all the Regular Members, the Managing Member shall not assign, sell or otherwise dispose of all or any fraction of its Interest as a Managing Member in the Limited Liability Company, or enter into any agreement as a result of which any person shall have a Managing Member's interest in the Limited Liability Company; provided that nothing in this Agreement shall be deemed to prevent the merger or reorganization of the Managing Member into or with any other Person organized under the laws of the United States or any state thereof or in the case of a merger, reorganization or consolidation, the

assumption of the rights and duties of the Managing Member by the surviving Person, provided that no change of control of the Managing Member shall occur or otherwise be deemed legally effective without the prior Consent of all the Regular Members.

**SECTION 6.02 Withdrawal or Resignation of the Managing Member.** Without the prior Consent of all the Regular Members, the Managing Member may not resign or withdraw from the Limited Liability Company or voluntarily terminate its existence.

**SECTION 6.03 Removal of the Managing Member.** The Managing Member may be removed upon the unanimous vote of all the Regular Members solely on the grounds of fraud, gross negligence or willful malfeasance (as determined pursuant to entry of a final order of a court of competent jurisdiction from which no appeal is taken).

**SECTION 6.04 Appointment of Successor Managing Member.** (a) In the event of the withdrawal, resignation, removal or Incapacity, as the case may be, of the Managing Member, or the transfer or assignment by the Managing Member of its entire interest in the Limited Liability Company, the Limited Liability Company will dissolve in accordance with Section 8.01 hereof unless within 90 days of the effective date of such event, the Regular Members elect by Majority Consent: (i) to continue the business of the Limited Liability Company and (ii) to appoint a successor Managing Member who shall be authorized to continue the business of the Limited Liability Company. The successor Managing Member shall thereafter be admitted as a Managing Member of the Limited Liability Company and the successor Managing Member shall purchase the Interest as a Managing Member of the departing Managing Member for the amount of its capital account as adjusted through the end of the month immediately preceding such purchase, including in such adjustment an allocation of unrealized gains and losses as if the Limited Liability Company had dissolved at the end of such month, less the amount of any distributions made to the Managing Member subsequent to the end of such month.

(b) The Managing Member who has withdrawn pursuant to Section 6.02 or been removed pursuant to Section 6.03 shall cooperate fully with the successor Managing Member so that the responsibilities of such former Managing Member may be transferred to such successor Managing Member with as little disruption of the Limited Liability Company's business and affairs as practicable.

(c) Upon the Managing Member ceasing to be the Managing Member of the Limited Liability Company as provided in this Agreement, the Limited Liability Company shall promptly file an amendment to the Limited Liability Company's Certificate and otherwise take all steps reasonably necessary under the Law to cause such cessation of liability.

**SECTION 6.05 Liability of a Withdrawn Managing Member.** Any Managing Member which shall become Incapacitated or withdraws or resigns or is removed from the Limited Liability Company, or which shall sell, transfer or assign its Managing Members Interest or otherwise ceases to be a Managing Member of the Limited Liability Company, shall remain liable for obligations and liabilities incurred by it as Managing Member prior to the time such Incapacity, withdrawal, resignation, sale, transfer or assignment or otherwise ceasing to be a Managing Member of the Limited Liability Company shall have become effective, but it shall be free of any obligation or liability incurred on account of the activities of the Limited Liability Company from and after the time such Incapacity, withdrawal, resignation, removal, sale, transfer or assignment shall have become effective.

## ARTICLE 7

### TRANSFERABILITY OF REGULAR MEMBER'S INTEREST

**SECTION 7.01 Assignment of Limited Liability Company Interests.** (a) Subject to any restrictions on transferability which may, at any time, be imposed by applicable law, a Regular Member may assign in writing its Interest provided that:

(i) except as otherwise consented to by the Managing Member, the assignee meets the requirement applicable to an original subscriber of Interests and Consents in writing in form satisfactory to the Managing Member to be bound by the terms of this Agreement, including, without limitation, the agreements contained in Section 12.01, as if such assignee were the assignor;

(ii) the Managing Member Consents in writing to the assignment, which Consent may be withheld in the sole and absolute discretion of the Managing Member and in any event shall not be given if the Managing Member believes that such assignment would jeopardize the status of the Limited Liability Company as a partnership for federal income tax purposes or otherwise result in adverse tax consequences to the Limited Liability Company or any other Member, or would violate or cause the Limited Liability Company to violate, any applicable law or governmental rule or regulation, including, without limitation, any applicable federal or state securities law including, without limitation, Regulations under the Securities Act of 1933, as amended, or the Investment Company Act of 1940, as amended;

(iii) if requested by the Managing Member, an opinion from counsel to the assignee (which counsel and opinion shall be satisfactory to the Managing Member) is furnished to the Limited Liability Company stating that, in the opinion of said counsel, such assignment would not jeopardize the status of the Limited Liability Company as a partnership for federal income tax purposes or otherwise result in adverse tax consequences to the Limited Liability Company or any other Member, would cause a termination of the Limited Liability Company for the purposes of the Code or would violate, or cause the Limited Liability Company to violate, any applicable law or governmental rule or regulation, including, without limitation, any applicable federal or state securities law including, without limitation, Regulations under the Securities Act of 1933, as amended and the Investment Company Act of 1940, as amended;

(iv) the assignee agrees that he will not directly or indirectly make or operate a secondary market or the substantial equivalent thereof for the Interests or any beneficial interest therein;

(v) the assignor Regular Member supplies the Managing Member with the information necessary to enable the Managing Member to comply with all applicable provisions of the Code and the Treasury Regulations promulgated thereunder;

(vi) the Managing Member shall not permit the subdivision (by resale, transfer or otherwise) of any Interest in the Limited Liability Company so that any Capital Contribution Commitment attributable to such subdivided Interest would have been less than \$10,000 if such subdivided Interest had been acquired on the date thereof; and

(vii) the assignee executes such documents as the Managing Member may request in order to evidence the assignee's agreement to be bound by all of the terms of this Agreement, including but not limited to the restrictions on assignment contained in this Article 7 and a counterpart to this Agreement.

For purposes of this Article 7, any transfer of an Interest in the Limited Liability Company, whether voluntary or by operation of law, shall be considered an assignment.

Each Regular Member shall be deemed to have consented to any assignment consented to by the Managing Member.

(b) Each Regular Member agrees to execute, upon request of the Managing Member such certificates or other documents and to perform such acts as the Managing Member deems appropriate to preserve the status of the Limited Liability Company as a Limited Liability Company after the completion of any assignment of an Interest in the Limited Liability Company.

(c) Each assigning Regular Member agrees to pay, prior to the time the Managing Member Consents to an assignment of its Interest in the Limited Liability Company, all expenses, including reasonable attorneys' fees, incurred by the Managing Member or the Limited Liability Company in connection with such assignment.

**SECTION 7.02 Assignee's Rights; Effective Dates.** (a) Any purported assignment of a Limited Liability Company Interest which is not in compliance with this Agreement is hereby declared to be null and void and of no force or effect whatsoever and the Limited Liability Company shall refuse to register any such transfer of an Interest. A permitted assignee of any Limited Liability Company Interest shall be entitled to receive distributions from the Limited Liability Company and to receive allocations of the income, gains, losses and deductions of the Limited Liability Company attributable to such Limited Liability Company Interest after the effective date of the assignment.

(b) The assignee of an Interest in the Limited Liability Company shall be recognized by the Limited Liability Company as the holder of such Interest on the effective date of such assignment and the Limited Liability Company shall promptly record such assignment in the records of the Limited Liability Company. Subject to the discretion of the Managing Member to permit earlier effectiveness, the "effective date" of an assignment of an Interest in the Limited Liability Company under the provisions of Section 7.01(a) shall be the first day on which the Managing Member enters such assignee on the records of the Limited Liability Company.

**SECTION 7.03 Satisfactory Written Assignment Required.** Anything herein to the contrary notwithstanding, both the Limited Liability Company and the Managing Member shall be entitled to treat the assignor of an Interest as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to such Regular Member, until such time as a written assignment that complies with the requirements of this Article 7 has been delivered to the Managing Member and become effective as hereinabove provided.

**SECTION 7.04 Incapacity of Regular Members.** If a Regular Member dies, his executor, administrator or trustee, or if he is adjudicated to be incompetent, his guardian or conservator, or if he becomes bankrupt, the trustee or receiver of his estate, shall have all the rights and obligations of a Regular Member, as the case may be, for the purpose of settling or managing his estate and such power, subject to the limitations of Section 7.01, that the Incapacitated Regular Member possessed to assign his Limited Liability Company Interest and, with respect to a Limited Liability Company Interest, to join with an assignee in satisfying conditions precedent of such assignee becoming a Substituted Regular Member. The Incapacity of a Regular Member shall not in and of itself dissolve the Limited Liability Company.

**SECTION 7.05 Substituted Regular Members.** (a) The assignee of any Limited Liability Company Interest may become a Substituted Regular Member in place of its assignor with the prior written consent of the Managing Member, which consent may be withheld in the sole and absolute discretion of such Managing Member.

(b) Unless and until an assignee of a Limited Liability Company Interest becomes a Substituted Regular Member, such assignee shall not be entitled to exercise any vote with respect to such Interest and shall have only the right to receive distributions to which the assignor Regular Member would have been entitled. The effective date of a substitution shall be determined as provided in Section 7.02(b).

(c) Any Regular Member who shall assign all of its Limited Liability Company Interest to an assignee who becomes a Substituted Regular Member shall cease to be a Regular Member upon the effectiveness of such assignee becoming a Substituted Regular Member.

## ARTICLE 8

### DISSOLUTION, LIQUIDATION AND TERMINATION OF THE LIMITED LIABILITY COMPANY

**SECTION 8.01 Events Causing Dissolution.** The Limited Liability Company will dissolve upon the happening of any of the following events:

- (a) the expiration of the term of the Limited Liability Company as set forth in the Articles of Organization;
- (b) any event of withdrawal, resignation, removal or Incapacity of the Managing Member pursuant to the Law or this Agreement, or the transfer or assignment by the Managing Member of its entire interest in the Limited Liability Company, unless within 90 days after the occurrence of such event, all remaining Members agree in writing to continue the business of the Limited Liability Company and to the appointment, effective as of the date of such event, of a successor Managing Member as provided in Section 6.04 of this Agreement;
- (c) the election to dissolve the Limited Liability Company by unanimous vote of all of the Members; or
- (d) the entry of a decree of judicial dissolution pursuant to the Law.

Dissolution of the Limited Liability Company shall be effective on the day the event occurs giving rise to the dissolution, but the Limited Liability Company shall not terminate until the assets of the Limited Liability Company have been distributed as provided in Section 8.02 and the Certificate has been canceled.

**SECTION 8.02 Liquidation.** (a) Upon dissolution of the Limited Liability Company, the Managing Member shall or, if there is none, or if the Managing Member is Incapacitated, a Person selected by the Regular Members to act as liquidating trustee of the Limited Liability Company (the "Liquidating Trustee") shall proceed to sell or otherwise liquidate, or make a custodial arrangement for, the assets of the Limited Liability Company within a reasonable time thereafter shall cause the cancellation of the Certificate. The Managing Member or Liquidating Trustee, as the case may be, may cause Limited Liability Company assets to be sold in such manner, in its sole discretion, shall determine in an effort to obtain the best prices for such assets. The Managing Member or Liquidating Trustee may establish such reserves as it deems necessary for any liabilities, including any contingent, conditional or unmatured liabilities or obligations of the Limited Liability Company. Pending such sales and cancellation, the Managing Member or Liquidating Trustee, as the case may be, shall have the right to continue to wind-down the business of the Limited Liability Company and otherwise deal with Limited Liability Company assets, consistent with law.

(b) Upon a dissolution of the Limited Liability Company, accounts shall be settled and the Limited Liability Company's assets shall be paid out by the later of the end of the Limited Liability Company's taxable year in which a dissolution occurs or 90 days after such dissolution. The assets of the Limited Liability Company shall be distributed in the following order of priority:

- (i) to third-party creditors (or to the establishment of reasonable reserves for the payment of third party creditors), in the order of priority as provided by law;
- (ii) to the Members (by payment or the establishment of reasonable reserves for payment thereof) for any loans outstanding at the time of liquidation or advances made by them to the Limited Liability Company pro rata in proportion to the amount loaned; and

(iii) to the Members in accordance with their respective Capital Accounts as determined after taking into account all Capital Account adjustments for all the Limited Liability Company's taxable year during which such liquidation occurs.

(c) In the discretion of the Managing Member or the Liquidating Trustee, as the case may be, a pro rata portion of distributions that would otherwise be made to the Members pursuant to Section 8.02(b) may be:

(i) distributed to a trust established for the benefit of the Members for the purpose of liquidating Limited Liability Company assets, collecting amounts owed to the Limited Liability Company, and paying any liabilities, including any contingent, conditional or unmaturing liabilities, or obligations of the Limited Liability Company arising out of or in connection with the Limited Liability Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Managing Member or the Liquidating Trustee, as the case may be, in the same proportions as the amount distributed to such trust by the Limited Liability Company would otherwise have been distributed to the Members pursuant to this Agreement; or

(ii) withheld to provide a reasonable reserve for Limited Liability Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Limited Liability Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

## ARTICLE 9

### BOOKS AND RECORDS; ACCOUNTING; TAX ELECTIONS

**SECTION 9.01 Books and Records.** The books and records of the Limited Liability Company shall be maintained by the Managing Member at the principal office of the Limited Liability Company or of the Managing Member or its duly authorized representative. The books and records include, among other things, copies of the Limited Liability Company's federal, state and local income tax returns, if any, for each year, a current list of the names and addresses and interests of all Members, a copy of this Agreement and all amendments hereto and copies of all Subscription Agreements for the Interests. The Limited Liability Company may maintain such other books and records and may provide such other statements as the Managing Member in its discretion deems advisable.

**SECTION 9.02 Accounting Basis for Tax and Reporting Purposes; Business Year.** The books and records of the Limited Liability Company for tax purposes and for the purpose of reports to the Members will be kept on an accrual basis. The "business year" of the Limited Liability Company shall end on December 31, and the Limited Liability Company shall prepare audited financial statements on the basis of its business year. (References in this Agreement to a "fiscal" year or period are intended to refer to such business year.) The taxable year of the Limited Liability Company for U.S. tax purposes shall be the business year, or such other taxable year as may be required by the Code or Treasury Regulations. The Managing Member shall make a timely application with the appropriate U.S. taxing authorities for the Limited Liability Company to use its business year as its taxable year for U.S. tax purposes.

**SECTION 9.03 Bank Accounts.** The Managing Member shall maintain the Limited Liability Company bank account and withdrawals shall be made only in the regular course of the Limited Liability Company business on such signature or signatures as the Managing Member may determine. All deposits and other funds not needed in the operation of the business may be deposited in interest-bearing accounts or invested in securities as described in Section 5.02 (a) (ix) of this Agreement.

**SECTION 9.04 Reports.** (a) On or before 90 days after the end of each fiscal year of the Limited Liability Company, the Managing Member shall cause the Limited Liability Company to send to the

Members an audited balance sheet, statement of income, statement of Limited Liability Company equity and statement of changes in financial condition, in respect of the preceding fiscal year.

(b) Within 90 days after the end of each fiscal year of the Limited Liability Company, the Managing Member(i) will send to the Regular Members such information that shall be necessary for the preparation by such Members of their U.S. federal, state and local income tax returns and (ii) will send to the Regular Members a statement of each Regular Member's Capital Account as of the close of such year.- Such information will be prepared and maintained by the Managing Member in accordance with applicable regulations.

(c) Within 90 days after the general release of the Film, the Managing Member shall provide to each Regular Member a statement of production expenses and a statement of negative costs of the Film.

(d) Except to the extent that such information is required by the Regular Members in order to comply with any applicable law or regulation, neither the Limited Liability Company nor the Managing Member shall be required to furnish any information which the Limited Liability Company nor the Managing Member (or any Affiliate thereof) is prohibited from disclosing pursuant to any confidentiality agreement binding on such Person.

**SECTION 9.05 Depreciation and Elections.** The Managing Member in its sole discretion may cause the Limited Liability Company to make all elections required or permitted to be made by the Limited Liability Company under the Code and not otherwise expressly provided for in this Agreement or the Memorandum.

**SECTION 9.06 Tax Matters Member.** Miranda Films, Inc. is designated the Tax Matters Member and is authorized and required to represent the Limited Liability Company (at the Limited Liability Company's expense) in connection with all examinations of the Limited Liability Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and to expend Limited Liability Company funds for professional services and costs associated therewith.

## **ARTICLE 10**

### **AMENDMENTS**

.. **SECTION 10.01 Proposal and Adoption of Amendments Generally.** (a) Amendments to this Agreement that are of an inconsequential nature and do not adversely affect the rights of any Member in any material respect may be made by the Managing Member without the Consent or approval of any Regular Member. Without limiting the generality of the foregoing, the following amendments will be deemed to be of an inconsequential nature not adversely affecting the rights of the Members in any material respect:

(i) Changing the principal office of the Limited Liability Company, subject to 2.01(b) above;

(ii) Changing the name or address of the agent for service of process upon the Limited Liability Company;

(iii) Changing the name or address of the Managing Member to reflect changes through assignments and withdrawals from the Limited Liability Company or changes of address as permitted in this Agreement;

(iv) Changing Schedule A to reflect changes of Regular Members through substitution;

(v) To the extent this Agreement may be inconsistent with the Law, the Code or other applicable law, making any change necessary to conform this Agreement to the Law, the Code, or law, as applicable;

(vi) To the extent that this Agreement may be ambiguous or internally inconsistent, making any change necessary to clarify this Agreement in order to conform it to the intentions of the Members as reflected in this Agreement; and

(vii) Making any change necessary or convenient to the orderly administration of the Limited Liability Company's affairs which does not adversely affect the rights of the Members in any material respect.

In the event any amendment specified in clauses (i) through (vii) above is adopted by the Managing Member, it will furnish a description of the amendment to the Regular Members within a reasonable time. If the Managing Member wishes to adopt any other amendment pursuant to this Paragraph 10.01(a), the Managing Member shall notify the Regular Members of the amendment and the purpose of such amendment prior to the Managing Member's adoption of such amendment as provided in Paragraph 10.01(c)(i). The Managing Member may consider any response to the proposed amendment submitted to the Managing Member in writing prior to adoption of any such amendment as provided in Paragraph 10.01(c)(i) below.

(b) Any other amendment to this Agreement may be proposed by the Managing Member or by the Regular Members upon the written request of the Regular Members of record holding at least 25% of the issued and outstanding Units. In proposing an amendment the Regular Members shall submit (i) the text of such amendment; (ii) a statement of the purpose of such amendment; and (iii) an opinion of counsel obtained by the proposers to the effect that such amendment is permitted by the Law, will not impair the limited liability of the Limited Liability Company as a partnership for federal income tax purposes.

(c) Amendments to this Agreement shall be adopted:

(i) in the case of amendments referred to in Section 10.01 (a), upon the adoption thereof by the Managing Member, as provided therein;

(ii) in the case of amendments referred to in Section 10.02, if the condition specified in Article 6 shall have been satisfactorily completed; or

(iii) in the case of all other amendments, if such amendments shall have been consented to by Majority Consent (unless otherwise provided in this Agreement); provided, however, that no such amendment may:

(A) enlarge the obligations or reduce the Interest of any Member under this Agreement, convert the Interest of any Regular Member or modify the limited liability of any Regular Member without the Consent in each instance of such Member;

(B) modify the method provided in Article 4 of determining and allocating or distributing, as the case may be, profits, losses and Gross Receipts without the Consent of each Member adversely affected by such modification;

(C) amend Section 6.01, 6.02 or 6.04 without the Consent of the Managing Member; or

(D) amend Section 5.03, this Article 10 or Section 11.02 without the unanimous Consent of all the Members.

(d) The Managing Member shall, within a reasonable time after the adoption of any amendment to this Agreement, make any filings or publications required or desirable to reflect such amendment, including any required filing for recordation or any certificate of Limited Liability Company or other instrument or similar document of the type contemplated by Section 5.04(d).

**SECTION 10.02 Amendments on Admission or Withdrawal of Managing Member.**



(a) If this Agreement shall be amended to reflect the admission of an additional or successor Managing Member, such amendment shall be signed by both the Managing Member and such additional or successor Managing Member.

(b) If this Agreement shall be amended to reflect the removal or withdrawal of a Managing Member and the continuation of the business of the Limited Liability Company, such amendment shall be signed by the remaining Managing Member.

## ARTICLE 11

### MEETINGS AND VOTING

**SECTION 11.01 Meetings.** The Managing Member may call a meeting of the Members at any time to consider any matter on which Members are entitled to act and shall call a meeting of the Members within 10 days after receipt of the written request of the Members of record holding not less than 25% of the issued and outstanding Units. The Managing Member shall designate the time and place of the meeting and give notice of that time and place not less than 15 days nor more than 60 days prior to the date fixed for the meeting to all Members on the date such notice is given. Members may vote at the meeting in person or by proxy. Members may direct the voting of their respective Interests in accordance with Section 11.02(b).

**SECTION 11.02 Voting.** (a) A Regular Member shall be entitled to vote its Limited Liability Company Interest (i) at a meeting, in person, by written proxy or by a signed writing directing the manner in which such Member desires that its vote be cast, which writing must be received by the Managing Member prior to such meeting, or (ii) without a meeting, by a signed writing directing the manner in which such Member desires that its vote be cast, which writing must be received by the Managing Member prior to the date upon which the votes of Members are to be counted. Only the votes of Regular Members of record on the relevant notice date shall be counted.

(b) The laws of the State of Pennsylvania pertaining to the validity and use of corporate proxies shall govern the validity and use of proxies given by the Members. At each meeting of Members, the Managing Member shall adopt such rules for the conduct of such meeting as the Managing Member shall deem appropriate. In connection with each meeting and vote without a meeting of the Member, the Limited Liability Company shall deem appropriate. In connection with each meeting and vote without a meeting of the Member, the Limited Liability Company shall provide for proxies or written consents, which specify a choice between approval and disapproval of each matter to be acted upon at the meeting or by vote without a meeting.

(c) Any action which may be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if a Consent in writing, setting forth the action so taken, shall be signed by Members holding not less than the minimum interest that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote were present and voted. Prompt notice of the taking of the action without a meeting by less than unanimous written Consent shall be given to those Members who have not Consented in writing.

**SECTION 11.03 Submission to Members.** The Managing Member shall give all the Members Notification of any proposal or other matter required by any provision of this Agreement or by the Law to be submitted for the consideration and approval of the Members. Such Notification shall include information required by the relevant provisions of this Agreement or by the Law.

## ARTICLE 12

### MISCELLANEOUS PROVISIONS

#### SECTION 12.01 Appointment of the Managing Member as Attorney-in-Fact.

(a) Each Regular Member irrevocably constitutes and appoints the Managing Member its true and lawful attorney-in-fact with full power and authority in its name, place and stead to execute, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents, instruments and conveyances as may be necessary or appropriate to carry out the provisions or purposes of this Agreement, and to take such other actions, on behalf of such Regular Member, including without limitation:

(i) all certificates and other instruments (including counterparts of this Agreements), and any amendment thereof, which the Managing Member deems appropriate to qualify or continue the Limited Liability Company as a Limited Liability Company (or partnership in which the Regular Members will have limited liability comparable to that provided by the Law and this Agreement);

(ii) all instruments which the Managing Member deems appropriate to reflect a change or modification of the Limited Liability Company or this Agreement in accordance with the terms of this Agreement; and

(iii) all conveyances and other instruments which the Managing Member deems appropriate to reflect the dissolution and termination of the Limited Liability Company as permitted in this Agreement or by law.

(b) The appointment of the Managing Member as attorney-in-fact by all Regular Members shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Members under this Agreement will be relying upon the power of the Managing Member to act as contemplated by this Agreement in any filing an other action by it on behalf of the Limited Liability Company and is irrevocable and shall survive and not be affected by the subsequent Incapacity of any Person, provided, however, that in the event a Regular Member transfers all of its Limited Liability Company Interest, the foregoing power of attorney of a transferor Regular Member shall survive such transfer and all required documents and instruments shall be duly executed, filed and recorded to effect such substitution.

(c) The power of attorney granted hereunder may be exercised by the Managing Member on behalf of all of the Regular Members executing this instrument, by a single signature of the Managing Member as attorney-in-fact for all Regular Members.

SECTION 12.02 Notification to the Limited Liability Company or the Managing Member. Any Notification to the Limited Liability Company or the Managing Member shall be to them at the principal office of the Limited Liability Company as set forth in this Agreement or in any subsequent Notification to all the Members. Any notification to Regular Members (other than the Managing Member) shall be sent to the Regular Members at their addresses set forth in the books and records of the Limited Liability Company.

SECTION 12.03 Binding Provisions. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties hereto.

SECTION 12.04 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Pennsylvania without regard to principles of conflicts of law.

SECTION 12.05 Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

**SECTION 12.06 Severability of Provisions.** If for any reason any provision or provisions hereof which are not material to the purposes or business of the Limited Liability Company or the Regular Member's Interests are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

**SECTION 12.07 Entire Agreement.** This Agreement constitutes the entire agreement among the parties. This agreement supersedes any prior agreement or understanding among the parties and may not be modified or amended in any manner other than as set forth in the text.

**SECTION 12.08 Headings.** Section titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

**IN WITNESS WHEREOF,** an officer of \_\_\_\_\_, Inc., as the Managing Member, and each Regular Member has executed this Agreement as of the date first above written.

\_\_\_\_\_, Inc. as  
the Managing Member

By:  
Name:

**SCHEDULE A**

**CAPITAL CONTRIBUTION COMMITMENTS**

| <u>Regular Member</u> | <u>Address</u> | <u>Commitment</u> | <u>Units</u> |
|-----------------------|----------------|-------------------|--------------|
|-----------------------|----------------|-------------------|--------------|

-

**EXHIBIT A**

**FORM OF SIGNATURE  
PAGE**

**The Undersigned hereby execute this signature page, which is to be attached to Agreement of Limited Liability Company dated as of March 24, 2005 ( the "Agreement"), and agrees to be bound by all the terms and conditions of the Agreement.**

**Dated:** \_\_\_\_\_

**Name of Regular Member**

**By:** \_\_\_\_\_

**Name:**

**Title:**

Exhibit B

SUBSCRIPTION AGREEMENT

Trouble with Cali, L.L.C.

Re: Offer Of Limited Liability Company Interests in Trouble with Cali, L.L.C.

Dear Ladies and Gentlemen:

In Connection with the offer of limited liability Company interests (each a "Unit") in, Trouble with Cali, L.L.C., a manager-managed Pennsylvania limited liability company (the "Limited Liability Company") which has been formed for the purpose of financing, producing and exploiting the feature-length motion picture currently entitled "Trouble with Cali" (the "Film") and certain ancillary rights related thereto, the undersigned (the "Subscriber") hereby agrees to purchase and subscribe for on the terms and conditions set forth herein the number of Units set forth next to its name at the end of this Subscription Agreement for the aggregate purchase price there set forth. Subscriber understands that its subscription is subject to acceptance or rejection by Miranda Films, Inc. (the "Managing Member") and shall not be binding unless and until this Subscription Agreement has been countersigned by the Managing Member. Subscriber understands that the Managing Member may accept its subscription for all, some, or none of the requested Unit(s).

1. Delivery of Check and Documents. Subscriber hereby delivers to the Managing Member the following:

(a) A check ("Check") payable to the order of "Trouble with Cali, L.L.C." in the amount of \$10,000 for each Unit; and

(b) Two executed copies of this Subscription Agreement.

2. Retention of Documents (a) Subscriber understands that the Subscription Agreements will be held in escrow by the Managing Member until the consummation of the sale. The Check will be deposited in a special interest-bearing account with the Managing Member. The offering of Units will terminate on March 24, 2006, or such earlier date as all Units are sold. If at least 150 Units are not sold on or before March 24, 2006, or if this Subscription Agreement is not accepted by the Managing Member for any reason whatsoever, or if the subscriber(s) has not consented in writing otherwise, then the Managing Member shall return to Subscriber the Check (or a check of the Managing Member in the identical amount of the check) without any deduction together with all interest earned thereon, and the Subscription Agreements, and thereupon this Subscription Agreement shall be null and void and of no force and effect.

(b) Unless otherwise agreed to herein, once the Managing Member has received and accepted subscriptions for at least 50 Units, it may close the purchase of such Units (the closing of such purchase and each subsequent purchase is referred to herein as a "Closing"). Upon the

Closing of this subscription, the Managing Member will take possession of the funds received or may use the services, materials and/or facilities contributed to the Limited Liability Company by Subscriber, as the case may be; will release the documents from escrow, and will return an executed copy of the Subscription Agreement to Subscriber and, where an In-kind Agreement has been executed, a copy of such agreement.

3. **Financial Status.** Subscriber represents and warrants that:

(a) in the case of a Subscriber who is an individual, check all the boxes below which are applicable:

- (i) Net worth, or joint net worth with that of spouse, at the time of purchase of the Units, exceeds \$1,000,000.
- (ii) Individual income was in excess of \$200,000 in each of the two most recent years or joint income with that of spouse was in excess of \$300,000 in each of those years and Subscriber reasonably expects to reach the same income level in the current year.
- (iii) None of the above apply.

(b) in the case of a Subscriber which is not an individual, check all of the boxes where applicable and briefly describe the nature of the Subscriber:

- (i) Its total assets exceed \$5,000,000.
- (ii) All equity owners of the Subscriber meet the criteria set forth in (a)(i) of (a)(ii) or (b)(i) of this Section 3.
- (iii) It is not an investment company as defined in Section 3(a) of the Investment Company Act of 1940 which is required to be registered under such Act or which is exempt from registration pursuant to Section 3(c)(1) of such Act.

4. **Subscriber's Representations,** The Subscriber represents and warrants that:

(a) Subscriber, if an individual, is at least 21 years of age, a resident of the United States and of sufficient legal capacity to execute this Subscription Agreement.

(b) Subscriber has been furnished with and has carefully read the Confidential Private Offering Memorandum (the "Memorandum") and the Agreement of Limited Liability Company, attached thereto as Exhibit A and is aware that there are substantial risks incident to the purchase of Units, as summarized under "RISK FACTORS" and in other portions of the Memorandum.

(c) Subscriber can bear the economic risks of this investment and can afford complete loss of its investment and Subscriber has: (i) sufficient liquid assets to pay the full purchase price for the Units representing its interest in the Limited Liability Company; and (ii) adequate means of providing for its current needs and possible personal contingencies, and no present need for liquidity of its investment in the Limited Liability Company.

(d) Subscriber has been represented by such legal counsel, accountant and/or other business advisor (each one an "Advisor" and together "Advisors"), each of whom has been personally selected by Subscriber, as Subscriber has found necessary to consult concerning this transaction. Subscriber has, or Subscriber and such Advisor together have, such knowledge and experience in financial and business matters that the Subscriber is, or the Subscriber and the Advisor together are, capable of evaluating the merits and risks of investment in the Limited Liability Company and of making an informed investment decision.

(e) The Managing Member has made available to Subscriber, and its Advisor, if any, prior to the date hereof, the opportunity to ask questions of, and to receive answers from the Managing Member concerning the terms and conditions of the offering of Units in the Limited Liability Company and to obtain information necessary to verify the accuracy of the information contained in the Memorandum.

(f) Subscriber understands that the discussion of the tax consequence arising from an investment in the Limited Liability Company set forth in the Memorandum is general in nature, and the tax consequences to the Subscriber may depend on its circumstances. Neither the Limited Liability Company, the Managing Member, nor its principals or advisors assume any responsibility for the tax consequences to Subscriber of any investment in the Limited Liability Company. Subscriber is relying solely upon the advice of its Advisor, if any, and upon its own knowledge with respect to such tax matters.

(g) Subscriber is aware that the Limited Liability Company has no financial or operating history and that the Units are speculative investments involving a high degree of risk.

(h) Subscriber is aware that there is no existing public or other market for the Units and it is not anticipated that there will be any market for the Units in the foreseeable future.

(i) If the Subscriber is a corporation, partnership, trust or other entity, it represents that: (i) it is duly organized, validly existing and in good standing under the laws of a state of the United States and has all the requisite power and authority to invest in the Unit(s); (ii) such investment has been duly authorized by all necessary action on behalf of Subscriber; and (iii) this Subscription Agreement has been duly executed and delivered on behalf of Subscriber and constitutes a legal, valid and binding agreement of Subscriber.

(j) Subscriber's execution and delivery of this Subscription Agreement has been duly authorized by all necessary action. Subscriber is acquiring the Units for its own account and not for the account of others and for investment purposes only and not with a view to or for the transfer, assignment, resale or distribution thereof, in whole or in part.

(k) The foregoing representations and warranties are true and accurate as of the date hereof and, unless Subscriber specifically advises the Managing Member in writing to the contrary prior to the date of the Closing, will be true and correct as of the date of the Closing, and each such representation and warranty shall survive the Closing.

5. Company Documents. To facilitate its admission as a Regular Member and to facilitate the functioning of the Limited Liability Company, Subscriber hereby constitutes and appoints Miranda Films, Inc., the Managing Member, with full power of substitution, its true and lawful attorney-in-fact and agent, in his name, place and stead, to make, execute, acknowledge, record, file and swear to for itself and on its behalf the following:



(i) the Agreement of Limited Liability Company and any other instruments said attorney-in-fact and agent may deem necessary for the purposes of admitting Subscriber as a Regular Member in the Limited Liability Company with such modifications therein or amendments thereto as said attorney-in-fact and agent shall deem necessary, except that no such modification or amendment shall decrease its rights or benefits or increase its liabilities or obligations beyond those expressly set forth in the Agreement of Limited Liability or shall in any other manner substantially alter the relationships of the parties as set forth in the Agreement of Limited Liability Company; and

(ii) any and all other instruments as may be deemed necessary or desirable by the Managing Member to carry out fully the provisions of the Agreement of Limited Liability Company in accordance with its terms.

The foregoing grant of authority is a special power of attorney coupled with an interest, is irrevocable and shall survive the death or incapacity and the transfer (including a sale, assignment, fit or any other disposition) of Subscriber's Units or any part thereof.

6. Survival and Indemnification. The representation, warranties, covenants and agreements of Subscriber contained herein shall survive and continue in full force and effect after the Closing. Subscriber will indemnify and hold harmless the Limited Liability Company, the Managing Member, and its principals, from any and all damages, losses, costs and expenses (including reasonable attorneys' fees) which they, or any of them, may incur by reason of Subscriber's failure to fulfill any of the covenants, terms and conditions of this Subscription Agreement or by reason of Subscriber's breach of any of its representations and warranties contained herein.

7. Acceptance of Subscription. If the Subscription Agreement is not accepted by the Company on or before March 24, 2006, by depositing in the mail on or before that date, postage prepaid, addressed to Subscriber at the address set forth below (or otherwise actually delivered to Subscriber) a copy of this Subscription Agreement executed by the Limited Liability Company, then this Subscription Agreement and all of its agreements hereunder and the power of attorney granted hereby shall automatically be terminated and revoked.

8. Further Assurances. Subscriber shall, at the Managing members request execute and deliver such other instruments and take such other action which the Managing Member may reasonably request to effectuate the intent and purpose of this Subscription Agreement.

9. Governing Law. This Subscription Agreement shall be governed by and construed in accordance with laws in the States of Pennsylvania.

10. Binding Effect: Assignment. This Subscription Agreement and the representations and Warranties contained herein shall be binding upon Subscriber's heirs, successors and assigns and may not be assigned by Subscriber without the prior written consent of the Managing Member, and any attempted assignment without such consent shall be void.

IN WITNESS WHEREOF, Subscriber has executed this Subscription Agreement this    day of

No. of Units:

Price per Unit \$10,000

Total Price: \$

\_\_\_\_\_ name

\_\_\_\_\_ signature

\_\_\_\_\_ I  
address

\_\_\_\_\_ social security # or EIN

SUBSCRIPTION ACCEPTED:

Miranda Films, Inc.

By: \_\_\_\_\_  
Managing Member, Trouble with Cali, LLC