

PRODUCTION AGREEMENT

Date _____ Job # _____

This Agreement is made as of this date, _____, between _____ Contracting Client ("**Client**"), and _____ ("**Producer**").

Producer hereby agrees to produce and deliver to Client the production of the below referenced media(s) ("Specified Media(s)"), subject to and in accordance with all terms, conditions, and specifications set forth herein. Producer responsibilities for furnishing media are detailed in attached Addendum A Production Specifications Form.

PROJECT

Producer and Client agree to the below project summary, the project contract price and the more detailed production outline of Addendum A Production Specifications Form.

Project Title	Max Length (seconds or minutes)	Media Use (broadcast, web, dvd)	Territory (local, regional, worldwide)	Sound design (yes/no)	Sound clearance (yes/no)
1.					
2.					
3.					

*Project does not include subcontracting a third party editor or post producer.

Total Project Cost: \$ _____ **Contingency Day Cost:** \$ _____.

Due upon signing of contract: % _____ \$ _____.

Due upon approval of storyboard & scripts: % _____ \$ _____.

Due upon final completion and delivery of all media: % _____ \$ _____. Client shall have two opportunities to request minor edits or changes prior to final completion and delivery of all media.

QUALITY

It is the essence of this Agreement that all completed media and services supplied by Producer shall be of applicable production standards. Producer agrees that the media shall be of quality, artistically produced with direction, photography, sound, art, animation, synchronization and other physical and aesthetic content as agreed upon in the Agreement.

TERMS

1. FURNISHING MATERIALS, SERVICES, & RELEASES

A. Client: Client shall supply scripts, storyboards, product props, production notes, music, celebrity talent, creative guidance/supervision, and related clearances, unless otherwise noted in the Addendum A Production Specifications Form. Producer is not responsible for Editorial/Post Production subcontract. Client will supply track or musical composition(s) and rights clearances unless otherwise specified.

B. Producer: Producer shall deliver the completed project media(s) pursuant to this Agreement and the requirements of Addendum A. Producer shall

deliver to Client consents, waivers or releases from all talent and all persons or entities who have rendered services to Producer in connection with the Specified Media(s) to the extent permissible by applicable union or guild agreements. Producer shall supply everything else required for the delivery of the Specified Media(s) unless exceptions are so noted in Addendum A.

2. CHANGES IN SPECIFICATIONS

If at any time, Client desires to make any changes or variations from the script(s) or storyboard(s) in the Specified Media(s) or from any material or work in progress, and such changes result in additional costs to Producer,

reimbursement for such additional costs shall be payable in accordance with the terms of this Agreement for final payment.

3. OWNERSHIP

Except as otherwise provided herein, Producer owns all rights, title and interest in and to the media(s) which are the subject of this Agreement, including all copyrights therein as well as in and to all the exposed negatives, positives, out-takes and clips. Producer grants Client a one-year non-exclusive license to use media(s) as specified in the project summary and Addendum A Production Specifications Form. Client shall purchase additional license(s) to use media(s) for other purposes not specified in the project summary and Addendum A Production Specifications Form. Client may extend non-exclusive license from one-year to unlimited duration for 125% of the contract price or purchase copyright/ownership in the work for 150% of the contract price.

4. SECURITY/CONFIDENTIALITY

Producer understands that some information for said media(s) may be of a confidential and/or sensitive nature. Producer agrees, at Client's written request, to require, within reason, those engaged for the production to sign appropriate agreements not to discuss or disclose information about the product or the Specified Media(s) except as such disclosure may be necessary for Producer to produce media(s) in the usual and customary manner under this Agreement.

5. INDEPENDENT CONTRACTOR

It is understood that Producer's status under this Agreement is that of an independent contractor and that all persons engaged by Producer in performing its obligations shall not be deemed employees of Client.

6. PRODUCER WARRANTIES

Producer represents and warrants:

A. That Producer has full right to enter into this Agreement and to perform its obligations hereunder and will comply with all applicable Federal, State and Local Laws, ordinances and regulations and with all applicable union agreements to which Producer is a signatory.

B. That Producer will use reasonable efforts to obtain all licenses, consents and rights necessary and incident to the performance, reproduction and exhibition of the Specified Media(s) with respect to materials, elements and services provided by Producer.

7. CLIENT WARRANTIES

Contracting Client represents and warrants:

A. Client shall pay Producer within 30 days of deliverables noted in Paragraph 1 of this Agreement. All talent union contracting forms (e.g. "Exhibit A's") and the filing thereof with various union offices, in connection with such talent, is the direct responsibility of the Client.

8. DELIVERY OF MATERIALS

Delivery of the Specified Media(s) shall mean delivery of the referenced media(s) in paragraph 1 by Producer to Client.

9. PAYMENT

Client understands that the specified terms of payment under this Agreement are based upon timely cash payments within 30 days. If Client chooses to defer paying any amount beyond the date on which it is due, Client may be charged at the Producer's discretion, as additional consideration, an amount equal to the current prime rate +10% (as charged by Producer's bank from time to time) on unpaid amounts until paid, compounded monthly.

10. INDEMNIFICATION

Client agrees to indemnify, defend, and hold harmless Producer and its officers, employees, agents and licensees from and against any and all claims, actions, damages, liabilities and expenses, arising out of the breach of any obligation, warranty or representation in this Agreement. Client shall indemnify Producer against all claims and expenses arising from uses for which the client does not have rights to or authority to use. The client will be responsible for payment of any special licensing or royalty fees resulting from the unauthorized use of graphics, music, video, film, photography, design, animation, and branded content.

11. TAX LIABILITY

Any sales tax, use tax, or other tax payable on production and delivery of Specified Media(s) to Client(s) (other than sales tax arising from Producer's purchases of materials or supplies in connection with the production) shall be the responsibility of Client who shall pay, defend and hold harmless Producer from payment of any such taxes.

12. ASSIGNMENT

This Agreement may not be assigned by either party without the written consent of the other.

13. INSURANCE COVERAGE

(3) Client shall obtain, pay for and maintain Professional Liability (Errors and Omissions Liability) insurance covering all intellectual property right infringement(s) that arise from any and all uses of the media. Producer will be notified in writing prior to signing this Agreement. Client will obtain and maintain insurance coverage with respect to Agency/Client job(s) at no cost to Producer and name Producer and Director as a "named insured" on said policies prior to the commencement of preproduction. All Agency/Client supplied insurance will be deemed to be the primary coverage and issued on a non-contributory basis. Agency/Client Umbrella Liability limit will be \$10,000,000. Client will be responsible for any additional insurance premiums resulting from the need to purchase special coverage not provided by the coverage and pay any and all deductibles associated with Client insurance program. Client will indemnify, defend and hold harmless Producer and Director for any and all claims, demands, actions including defense costs and attorneys fees for claims arising from the media(s) and the failure of the Agency/Client insurance program to be as broad as the Producer's coverage.

14. Alterations

Any alterations of original art (color shift, mirroring, flopping and paste) creating additional art is prohibited without the express permission of Producer. Producer will be given first opportunity to make any alterations required. Unauthorized alterations shall constitute in additional use and will be billed accordingly.

14. CONTINGENCY AND WEATHER DAYS

A. A contingency day is any day where a scheduled media/film shooting has been prevented from occurring due to circumstances beyond the control of the production company.

B. These circumstances may include but should not be limited to:

(1) Weather conditions (rain, fog, sleet, hail, or any adverse condition that is not consistent with the prescribed shooting conditions desired by the Client).
(2) Injury, illness, or absence of client-supplied elements (e.g. key talent, color correct products).

(3) "Force majeure" (meaning but not limited to, earthquake, riot, fire, flood, volcanic eruption, acts of war, strikes, labor unrests, civil authority, terrorism, and acts of God).

(4) "Client Insured Re-Shoots" (any additional days for a job insured by the Client, who is therefore authorizing the expenditure). The Client should be provided with a contingency day cost which should be approved prior to proceeding with that shoot day.

C. The Production Company recognizes its obligation to minimize contingency day liabilities and will apply accepted industry cancellation practices.

D. The Production Company will quote the maximum exposure figure (a "not to exceed" figure) as a contingency day cost. This will be a cost per day figure. However, this figure does not include the cost of premiums for crew or suppliers (i.e., should the contingency day fall on weekends, holidays or premium days based on consecutive employment).

15. CANCELLATION AND POSTPONEMENT

A cancellation or postponement is defined as a rescheduling of the production to a later specific date caused or directed by Client or a total cancellation of the project.

If the Production Company blocks out a specific period of time with the agreement that it represents a firm commitment from the Client, then the Production Company makes no further efforts to sell the time. If the job is canceled or postponed within the Guideline time frame, it is unlikely that this time can be re-booked. It should be understood that this time represents the Production Company's only source of income.

Cancellation and Postponement: Film or Digital Video Production:

A. If notice of cancellation/postponement is given to the Producer ONE TO TEN WORKING DAYS prior to the commencement of the shoot, the Client will be liable to the Production Company for:

(1) All out-of-pocket costs; (2) Full director's fee as bid; and (3) Full production fee on the job as bid.

B. If notice of cancellation/postponement is given ELEVEN TO FIFTEEN WORKING DAYS prior to the commencement of the shoot, the Client will be

liable to the Production Company for:

- (1) All out-of-pocket costs; (2) Not less than 50% of director's fee as bid; and
- (3) Not less than 50% of production fee on the job as bid.

C. If notice of cancellation/postponement is given MORE THAN FIFTEEN WORKING DAYS prior to the commencement of the shoot, the Client will be liable to the Production Company for:

- (1) All out-of-pocket costs; (2) Not less than 25% of the director's fee as bid; and
- (3) Not less than 25% of the production fee on the job as bid.

Cancellation and Postponement: CGI or Animation Production:

A. If notice of cancellation/postponement is given MORE THAN HALFWAY THROUGH the production schedule of the job, that is between the award or start date and the final delivery date, the Client will be liable to the Production Company for the full cost of the job as a bid.

B. If notice of cancellation/postponement is given IN THE SECOND QUARTER of the production schedule of the job, that is between the award or start date and the final delivery date, the Client will be liable to the Production Company for:

- (1) All out of pocket costs, including the expense of all staff and free-lance labor attached to the project. This expense will include full payment through the original completion date if that labor is not re-booked by the company, or, in the case of the free-lance labor, not able to re-book itself on another project.
- (2) Full creative fees as bid.
- (3) Full production fee on the job as bid.

C. If notice of cancellation/postponement is given IN THE FIRST QUARTER of the production schedule of the job, that is between the award or start date and the final delivery date, the Client will be liable to the Production Company for:

- (1) All out of pocket costs, including the expense of all staff and free-lance labor attached to the project. This expense will include full payment through the original completion date if that labor is not re-booked by the company, or, in the case of the free-lance labor, not able to re-book itself on another

project.

- (2) Not less than 50% of creative fees as bid.

- (3) Not less than 50% of the production fee on the job as bid.

16. PUBLICITY GUIDELINES

Until notified in writing by Client, Production Company and Director each have a revocable license to use finished media(s) for promotional purposes.

17. DISPUTE RESOLUTION

The prevailing party in any legal action shall be entitled to attorney's fees and costs in connection with the legal proceedings.

18. ENTIRE AGREEMENT AND MODIFICATION

This Agreement and any Addenda attached hereto shall constitute the entire agreement between Producer and Client. Any amendment hereto must be in writing and signed by each party.

19. CAPTIONS

The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement or of any provision hereof.

20. NO WAIVER

Failure of any party to this Agreement to exercise any rights shall not constitute a waiver of those rights.

21. ENFORCEABILITY

If one or more of the provisions of this Agreement shall be held unenforceable, it shall not affect the enforceability of the other provisions.

22. EQUAL OPPORTUNITY

In connection with its performance hereunder, Producer agrees not to discriminate against any employee or applicant because of race, religion, sexual orientation, color, sex, national origin, age, disability, or any other factor protected by federal, state or local law.

23. APPLICABLE LAW

This Agreement shall be interpreted and governed by the local laws of the jurisdiction where the Production Company office authorizing this Agreement is located as set forth on Page 1 of this Agreement.

Agreed and signed:

Client:

Name/Title: _____

Signature: _____

Date: _____

Production Company:

Name/Title: _____

Signature: _____

Date: _____

Client Address: _____

Producer Address: _____

City/State/Zip: _____

City/State/Zip: _____

Addendum A

Production Specifications Form

Project Description: Below is a detailed description of the project and deliverables requested by Client.

Production Schedule: Production schedule will be determined between Client and Production Company. Client and Production Company will set calendar dates for the following workflow and production process.

Pre-Production:

Research & Development and conceptual - production preparation - travel preparation - production scheduling, call sheets.

Production:

Shooting Schedule - Media management and back ups - Location wrap.

Post Production:

Music Selection - Editing & sound Design - Motion Design & Animation - Color Correction - Mastering.

Post Production Wrap:

Archive project files and media.